

Risk and Control Summary – Consolidated Order Entry System

Risk ID	Business Risks	Identified Controls	Gaps & Business Impact	Control Recommendations
		<p>User IDs and initial passwords are assigned to COE users simultaneously when access is granted to the COE system. The guideline is for users to immediately change the initial password assigned to the user.</p> <p>Sales managers and sales representatives have read-only access to the COE system and are able to view all sales order information within COE. However, during the last 2 days of the month, these users are locked out of the system to reduce system performance issues.</p> <p>The sales manager confirms the following items on a written sales order to a customer service request (CSR) received from the ILEC prior to entry in the COE system:</p> <ul style="list-style-type: none"> • Within Allegiance's "footprint" • Allegiance's ability to offer similar or like-for-like products and features <p>The sales manager calls the customer to:</p> <ul style="list-style-type: none"> • Thank customer for order • Confirm legitimacy/authorization of the order <p>If the order is unauthorized, the sales representative is dismissed.</p> <p>Sales manager signs off on authorization and places the following information in a log after calling the customer:</p> <ul style="list-style-type: none"> • Date • Time • Account Name • Individual spoken to for confirmation of order authorization 	<p>Although guidelines for changing passwords initially assigned to users exist, these guidelines are not automatically enforced and compliance is not monitored.</p> <p>None Identified.</p> <p>None Identified.</p> <p>While sales managers call the customer to confirm the legitimacy of the order, they do not confirm the actual details related to the order.</p> <p>Sales managers are also paid commissions based on the performance of the sales representatives they manage. Therefore, the risk of excess commission generation through forged/manipulated orders is not mitigated by the sales manager's review.</p>	<p>Users should be auto-prompted to change passwords at their initial login attempt to COE.</p> <p>None.</p> <p>None.</p> <p>The responsibility of confirming the legitimacy of an order, as well as the actual details of the order, should be assigned to an individual that is not affected by commission generation. This segregation of duties will mitigate the risk related to the manipulation of orders to generate excess commissions.</p>
	<p>Orders and/or customer information may be inaccurately collected and created in COE. Orders may also be forged/manipulated to generate excess commissions.</p>			

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		<p>Sales engineers review the Order Packet (written order, CSR, and Credit Application) to confirm:</p> <ul style="list-style-type: none"> Validity of items in mandatory fields Validity of phone numbers listed Validity of features listed Allegiance's ability to offer similar or like-for-like products and features <p>On-line validations of information are performed by COE accessing the MSAG and InfoNet systems to ensure NPA-NXX colocation assignment data entered initially into COE is correct. The MAP tool may also be referenced for validation.</p>	None Identified.	None.
		<p>Usually, sales orders are only created in COE for customers whose credit has been pre-approved.</p>	<p>InfoNet may not always be accurate in identifying NPA-NXX colocation assignments. Therefore, an informal policy exists whereby users may consult the Map Tool on the intranet to confirm InfoNet results. COE Support is contacted to update InfoNet if inaccuracies are discovered.</p>	<p>Perform a periodic verification/reconciliation of the InfoNet and Map Tool in order to establish one system with complete and accurate NPA-NXX colocation assignments that will be used to perform on-line validations while orders are being entered into COE.</p>
		<p>For Resale orders, the Billing Department:</p> <ul style="list-style-type: none"> Compares the original written Resale orders to the orders input into COE and verifies accuracy of input Verifies the existence of a signed Letter of Authorization for a new customer <p>For UNE orders, the PSR Team in the Customer Implementation Group:</p> <ul style="list-style-type: none"> Compares the original written UNE orders to the orders input into COE and verifies accuracy of input Verifies the existence of a signed Letter of Authorization for a new customer 	<p>On the last day of each month, an order can be created in COE without pre-approved credit if a current bill copy containing no delinquent items has been obtained from the ILEC. This is done to allow any back-log of orders to be entered into COE before the month's end. If credit is not approved within 24 hours, the order is immediately manually cancelled out of the system.</p>	<p>Develop COE's ability to automatically cancel orders which are not credit approved within 24 hours of entry.</p>
			None Identified.	None.
			None Identified.	None.

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		<p>For Non-UNE orders, the Specials Team in the Customer Implementation Group:</p> <ul style="list-style-type: none"> Compares the original written Non-UNE orders to the orders input into COE and verifies the accuracy of the input Verifies the existence of a signed Letter of Authorization for a new customer <p>Large or unusual orders are reviewed by a Commissions Analyst.</p> <p>Verification of the validity of large or unusual orders is confirmed with the sales manager, city VP, regional VP, and/or national VP. Sign-off is also received from these individuals.</p> <p>Commissions are capped at \$15,000 per month with the excess carried over to the next month for individuals with large orders.</p>	None Identified.	None.
	Access parameters within COE may not be adjusted in a timely manner for personnel changes.	<p>For sales representatives, an automatic feed of termination dates is sent from the JD Edwards system to COE on a daily basis. The guideline is for a terminated sales representative to be manually removed from the COE system within 24 hours.</p> <p>For all other users, the supervisor of the terminated employee must send an email requesting user deactivation to the COE support group in IT.</p>	Although the validity of large or unusual orders is verified with various individuals, formal levels of authorization have not been established.	Formalize the authorization levels associated with verifying the validity of large or unusual orders by establishing thresholds based on specific criteria (type of order, number of lines, commission amount, etc.).
	Customer Account Level information from COE may not be accurately imported into Network Strategies.	<p>Customer Account Level information is automatically sent to a flat file when an order is "submitted" in COE. The flat file is automatically sent to Network Strategies twice a day.</p> <p>Billing performs a manual reconciliation of the customers received in Network Strategies to the customers sent by COE on a daily basis.</p>	<p>Although guidelines exist regarding user deactivation of terminated employees, formal policies and procedures are not currently in place that ensure deactivation of a user in COE. Additionally, the deactivation of all users (other than sales representatives) relies on email notification.</p> <p>All terminated users must be manually deactivated in the COE system by the COE Support in IT.</p>	<p>Automate the deactivation of users in COE based on an automatic feed of termination dates from the JD Edwards system for ALL employees.</p> <p>Monitor the deactivation of users in COE by conducting a periodic reconciliation of users in COE to active employees.</p>
			<p>Edi checks are not performed in the flat file before Customer Account Level information is sent to Network Strategies.</p> <p>Although a manual reconciliation of limited customer data is performed, the integrity of the data in Network Strategies may be compromised due to human error.</p>	<p>Automate the transfer of Customer Account Level information into Network Strategies through an interface from COE. The interface should perform information validations and appropriate data format conversions for the data to be accepted into Network Strategies. Error messages should be returned if the data was not accepted by Network Strategies</p>

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	Existing orders in COE may be modified inappropriately and an audit trail of activity within COE may not exist.	<p>Only groups creating and submitting the order in COE may modify the order until it is in the "accepted" status within COE.</p> <p>After an order has reached the "accepted" status, approval from Vicki Fowler, Vice President of Sales Engineering, or Denise Crane, Vice President of Customer Implementation, is necessary to change an order. At this point, only the IT department has the ability to change the order.</p> <p>If an order has been "rejected", it is automatically sent back to the group that created the order. The order may then be changed and "resubmitted" in COE.</p> <p>Feature change orders (orders not affecting line count) can only be initiated for existing customers. Feature change orders are usually entered in COE by the Customer Care MACD Group and processed in COE by the Customer Implementation MACD Group. However, feature change orders may be entered directly into TBS by the Customer Implementation Support Group.</p> <p>Direct order entry into TBS without accompanying order entry into COE is monitored through analysis of the "Installs Complete in TBS not in COE" exception report. This report identifies any line-count affecting orders entered into TBS that were not entered into COE. The Customer Implementation Group manager reviews the "Installs Complete in TBS not in COE" report on an unscheduled basis.</p>	<p>None Identified.</p> <p>Feature change orders are the only types of orders allowed to be entered directly into TBS without initially being entered into COE. After the order is created in TBS, it will retroactively be created, submitted, and accepted in COE. The correct product service request (PSR) number is also entered into COE for the order that was entered into TBS. Although the Customer Implementation Support is the only group formally allowed to enter such orders (usually for order escalation purposes), others may have the ability to do so. Immediate termination is the penalty for entering an order directly into TBS without permission from the Customer Implementation Group manager.</p> <p>The "Installs Complete in TBS not in COE" exception report is not reviewed on a regular basis.</p>	<p>None.</p> <p>Remove all users' ability to enter orders directly into TBS except for the Customer Implementation Support group, if deemed necessary after thorough review of business processes and business reasons.</p> <p>Review the "Installs Complete in TBS not in COE" exception report on a regular basis.</p>
	COE will automatically reduce line count when an order is cancelled.		None identified.	None.

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		<p>The COE system will allow transactions to be backdated in the following manner:</p> <ul style="list-style-type: none"> If transactions are entered into COE on the 1st-5th day of the current month, the transactions may be back-dated to the previous month because the previous month has not yet been closed. If transactions are entered into COE on the 6th-last day of the current month, the transactions can only be back-dated within the current month because the previous month has been closed. 	<p>For the first 5 days of the current month, transactions may be back-dated to the previous month. Therefore, line count for a certain month may be manipulated within COE.</p>	<p>Develop a report to identify all orders in COE with a sales entry date not in the current month. This report should be created after the 5th day of each month and thoroughly reviewed for unusual activity prior to closing the month.</p>
		<p>A COE History table exists that tracks the following items for each modification made to an order in COE:</p> <ul style="list-style-type: none"> Date Time Stamp User ID Action Taken <p>Only the IT department has the ability to modify the history within the COE History table. Changes made to the COE History table must be made through Oracle. Thus, the changes are maintained in Oracle's history table.</p>	<p>The COE History table is not reviewed on a regular basis. Currently, the COE History table is referenced on an exception basis if issues with specific orders have been identified.</p>	<p>An appropriate individual should be assigned the responsibility of monitoring the COE History table on a regular basis to identify any unusual order activity.</p>
		<p>History of an order can also be reviewed through Charth reports. The reports can be drilled down to the following level of detail:</p> <ul style="list-style-type: none"> Office Team Sales representative Order History 	<p>None identified.</p>	<p>None.</p>

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	Orders within COE may not be processed in a timely manner.	<p>Sales engineers review daily reports indicating the order status in COE of the orders produced by the sales teams. If an order remains in a department's queue for 3 or more days, the issue is investigated.</p> <p>Backlog summary reports are created and reviewed daily by the Customer Implementation Group. The summary reports contain the following information:</p> <ul style="list-style-type: none"> number of orders residing in a particular status within COE by state average number of days related to the orders <p>Before a Product Service Request (PSR) shell is created in TBS, the API Interface performs the following validations on the Customer Account level information being transferred from COE to TBS:</p> <ul style="list-style-type: none"> County Street suffixes Street prefixes <p>The API Interface also transfers the COE ID to TBS and returns the PSR Number to COE.</p>	All departments are not fully aware of the order status tracking ability within COE.	Educate appropriate COE users of the order status tracking ability within COE.
	Automatic transfer of data through the Application Programming Interface (API) may be incomplete or inaccurate for UNE and Non-UNE orders.	<p>A "Missing PSRs" exception report is reviewed every couple of days by the Customer Implementation Group to resolve orders having an "accepted" status in COE but not having an associated PSR Number in COE; thereby identifying incomplete data transfer through the API Interface.</p>	<p>None Identified.</p> <p>Within COE, the COE ID and PSR Number are contained in separate fields. Within TBS, only the PSR Number is contained in a field; the COE ID is placed in the notes section of the order. Therefore, the ability to run queries on COE IDs and PSR Numbers within TBS is limited.</p> <p>None Identified.</p>	<p>None.</p> <p>None.</p> <p>Work with the developers of the TBS system to determine if an additional field can be created to house the COE ID in TBS. The additional field will facilitate querying abilities within TBS.</p> <p>None.</p>

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	Provisioning plans manually entered into TBS may be inaccurately modified due to established daily production schedules for UNE and Non-UNE orders.	<p>Accuracy of the order detail information and provisioning plans manually entered by the PSR Team (UNEs) or the Specials Team (Non-UNEs) is reviewed periodically (on a sample basis) by the manager of the Customer Implementation Group.</p> <p>For large UNE orders, the Single Point of Contact (SPOC) group will validate the accuracy of provisioning in TBS to the customer service request (CSR) and local service request (LSR).</p>	None Identified.	None.
	Automatic transfer of data through Electronic Bonding may be incomplete or inaccurate.	<p>The LSR Team (UNEs) or the Broadband Engineering Team (Non-UNEs) reviews on-line exception reports (Gateway reports) on a daily basis to determine if a Firm Order Confirmation (FOC) was transferred into TBS correctly. The LSR Team (UNEs) or the Broadband Engineering Team (Non-UNEs) will manually key these FOCs into TBS.</p>	None Identified.	None.
	Orders may not be provisioned in the switch on an accurate or timely basis.	<p>UNE orders are automatically provisioned in the switch through the Automated Provisioning Engine (APE) and the related translation task in TBS is closed automatically.</p> <p>Exception reports of unsuccessful automatic provisioning of UNE orders are produced and reviewed on a regular basis by the Translation group. The Translation group then manually provisions these orders in the switch and manually closes the related translation tasks in TBS.</p> <p>For UNE and Non-UNE orders, the SPOC group performs a 48-72 hour dial-tone test to verify the line is provisioned and operational. The SPOC group also calls the customer to verify line is operational.</p>	<p>The Received Firm Order Confirmation (RFOC) task closure is done manually in TBS and is the catalyst for orders to be sent to the Automatic Cut Sheet (UNEs) and the LNP Tracker (Non-UNEs).</p> <p>The Record Issue Date (RID) task closure is done manually in TBS and it initiates the transfer of UNE and Non-UNE orders to be provisioned in the switch to the Translation group.</p> <p>All Non-UNE orders are manually provisioned in the switch.</p>	<p>Research automation possibilities related to the RFOC and RID tasks in TBS. If automation cannot be achieved, perform a periodic reconciliation of task closures.</p> <p>Fully automate provisioning of Non-UNE orders in the switch. Design exception reports to identify unsuccessful automatic provisioning of Non-UNE orders and review them on a regular basis.</p>

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	<p>Lines may actually be installed but may not be marked as "installed" in COE or TBS.</p>	<p>For UNEs, when the SPOC group hits "Send and Save", the following functions occur automatically:</p> <ul style="list-style-type: none"> the Related Due Date (RDD) task is closed in TBS the order status in COE is changed to "installed" billing is activated in Network Strategies through Billing Interface (BIF) <p>The "FOC With No Install" report is an exception report generated by TBS identifying orders for which a FOC has been received but the RDD or DD tasks have not been manually closed in TBS. For UNEs, the "Send and Save" button may not have been clicked in COE. SPOC managers review this report on a daily basis.</p> <p>The "Installs Complete in TBS Not in COE" report is an exception report used to identify when the RDD or DD tasks are closed in TBS but the order status may not have been updated as "installed" in COE. For UNEs, the order status may not have automatically changed to "installed" in COE. SPOC managers review the status of all orders on a weekly basis.</p> <p>The "Installs Complete in COE Not in TBS" report is an exception report used to identify when the RDD/DD task may not have been closed in TBS but the order status was updated as "installed" in COE. For UNEs, the RDD task closure may not have automatically occurred. SPOC managers review the status of all orders on a weekly basis.</p>	<p>DD task closure is done manually in TBS and is the catalyst to have billing information sent to BIF.</p>	<p>Research automation possibilities related to the DD task in TBS. If automation cannot be achieved, perform a periodic reconciliation of task closures.</p>



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		<p>For Non-UNEs, the LNP Tracker report indicates lines cut the previous day and the closure of the associated Related Due Date (RDD) or Due Date (DD) tasks in TBS. The Broadband Provisioning Group reviews the report on a daily basis and performs the following tasks:</p> <ul style="list-style-type: none"> Identifies situations when the field operator may not have manually closed the RDD or DD tasks in TBS after installing a line and calls the field operator Manually changes the status of lines to "installed" in COE for all lines where RDD/DD tasks are closed and the cut date was the previous day <p>The "FOC With No Install" report is an exception report generated by TBS identifying orders for which a FOC has been received but the RDD or DD tasks have not been manually closed in TBS. For Non-UNEs, the RDD or DD tasks may not have been manually closed in TBS. Field operator managers review this report on a daily basis.</p> <p>The "Installs Complete in COE Not in TBS" report is an exception report used to identify when the RDD/DD task may not have been closed in TBS but the order status was updated as "installed" in COE. For Non-UNEs, the RDD/DD tasks may not have been manually closed in TBS but the status of the order was manually changed to "installed" in COE. Field operator managers review the status of all orders on a weekly basis.</p> <p>The "Installs Complete in TBS Not in COE" report is an exception report used to identify when the RDD/DD tasks are closed in TBS but the order status may not have been updated as "installed" in COE. For Non-UNEs, the status of the order may not have been manually changed to "installed" in COE. Field operator managers review the status of all orders on a weekly basis.</p>	<p>The entire Non-UNE install process in COE is manual:</p> <ul style="list-style-type: none"> if LNP is not necessary, the Broadband Provisioning group manually closes the RDD or DD tasks in TBS and manually changes the status of the line to "installed" in COE if LNP is necessary, the field operators manually close the RDD or DD tasks in TBS after the line is ported over and the Broadband Provisioning group will manually change the status of the line to "installed" in COE 	<p>Achieve the same level of automation in the Non-UNE install process in COE that exists in the current UNE install process in COE</p>




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		Physical line installation is not required for Resale orders.	For Resale orders, the order status in COE must be manually changed to "installed" by the Billing department after the product/feature order information has been entered into Network Strategies and after billing has been activated.	Achieve automation of "installed" status updates in COE.
	Billing and order information in Network Strategies may be inaccurate, incomplete, or inconsistent with COE.	For UNE orders, when the PSRFOC task is manually closed in TBS, billing information is automatically sent to the Billing Interface (BIF). When the SPOC group clicks "Send and Save" in ACS, billing and product/feature order information is automatically sent to Network Strategies.	None Identified.	None.
		None Identified.	For Resale and Non-UNE orders, the Billing department manually enters billing and product/feature order information into Network Strategies. Thus, the likelihood of inaccurate entry due to human error is high.	For Resale and Non-UNE orders, automate the transfer of product/feature and billing information into Network Strategies through BIF.
		None Identified.	All information (billing, customer, adjustments, etc.) in Network Strategies can be manually changed by the Billing department and the changes are not automatically updated in COE. Additionally, if information is changed in COE, it is not automatically updated in Network Strategies. A task is placed in the Billing department's queue identifying a change to be manually made in Network Strategies.	Restrict user's ability to change information in Network Strategies and establish formal policies and procedures mandating the initiation of an information change through COE. Configure the COE and Network Strategies systems to automatically update information when changes are made.
	Disconnect orders may not be processed appropriately within COE, TBS, and Network Strategies.	Disconnect orders follow the same processing in COE as any other order. All disconnect orders are only routed to the Customer Implementation MACD and Portback groups.	The disconnect process is heavily dependent on manual processes: • DD task must be manually closed in TBS • Order must be manually disconnected in COE • Order must be manually disconnected in Network Strategies based on task triggered by disconnect in COE	Automate the disconnect process in the COE, TBS, and Network Strategies systems Perform disconnects reconciliation between the three systems on a periodic basis.

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		<p>A daily report is generated identifying any line count affecting MACD order. This report is worked on a daily basis by the Customer Implementation Group and is used to manually disconnect lines in COE.</p>		
	<p>Unauthorized individuals may have access to COE's reports and reporting capabilities.</p>	<p>Most reports generated by COE must go through the Report Development Group because users are not given querying/reporting capabilities on COE data.</p> <p>Limited individuals within the Marketing and Finance departments may utilize "Impromptu" to generate some COE reports. "Impromptu" is a report creation tool that extracts COE summary data from a pre-defined data mart.</p>	None Identified.	None.
	<p>Customer information may be deleted from COE resulting in inaccurate customer counts.</p>	<p>Approximately 20% of the reports generated by COE are ad-hoc reports. A request must be submitted to the Report Development Group. Approval for the ad-hoc report is granted based on the purpose of the report, the sensitivity of the information on the report, and the business function of the individual requesting the report.</p> <p>Customer information cannot be deleted out of COE. All customer information for current and former customers is retained for historic purposes. Active customer counts are reported based on queries identifying customers with an active line count > 0.</p>	None Identified.	None.
	<p>Reconciliation between COE, TBS, Network Strategies, and the switch does not occur regularly.</p>	<p>Alliance has the ability to manually reconcile COE, TBS, Network Strategies, and the switch through the use of its True-Up reports.</p>	<p>Because the effort to perform reconciliations between COE, TBS, Network Strategies and the switch is very headcount and system intensive, it is not performed on a regular basis.</p>	<p>Perform a line count, line status, and customer count reconciliation between COE, TBS, Network Strategies, and the switch on a quarterly basis. At a minimum, the reconciliation should be performed on an annual basis.</p>

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		<p>Project "Gold Mine" was a reconciliation between COE, TBS, Network Strategies, and the switch. It was performed January-May of 2001. The following reconciliations took place:</p> <ol style="list-style-type: none"> 1. Reconciled lines and line information at the telephone number level (because the switch does not contain customer level information): <ul style="list-style-type: none"> • Switch to TBS • Switch to Network Strategies 2. Reconciled line count at the customer level (because COE does not contain specific telephone number information): <ul style="list-style-type: none"> • COE to TBS • COE to Network Strategies 	<p>Results of Project "Gold Mine":</p> <ol style="list-style-type: none"> 1. Approximately 20,000 lines were added to Network Strategies 2. Added many (<20,000) lines to COE 3. Added many (<20,000) lines to TBS <p>The lines added to Network Strategies were mainly due to manual process of inputting lines and activating lines in Billing that surrounded all products (UNEs, Non-UNEs, and Resale). Since Project "Gold Mine", the input and activation process for UNE products has been automated.</p> <p>The lines added to COE were mainly Resale lines. Since Project "Gold Mine", a monthly resale line count reconciliation between COE and Network Strategies is performed.</p> <p>The lines added to TBS were mainly due to the DD tasks not being closed. DD task closure identifies a line as installed in TBS and it is still a manual process for UNE and Non-UNE orders.</p>	None.
		<p>Project "White Glove" will be performed in the future and will focus on reconciling disconnected lines and portbacks.</p> <p>Reconciliation of the LEC's cable pairs will be performed to determine if:</p> <ul style="list-style-type: none"> • Facilities used by Allegiance's resale customers have been released because the customers have been ported back to the LEC <p>AND</p> <ul style="list-style-type: none"> • LEC has stopped billing Allegiance for facilities no longer being used by Allegiance's former resale customers 	None Identified.	None.

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		<p>Resale line count reconciliation between COE and Network Strategies is performed manually on a monthly basis. Reports from COE and Network Strategies are compared to the LEC's count of resale lines (as recorded on LEC's CD-Rom) to determine line count discrepancies.</p> <p>The Resale Team is able to enter orders into COE to correct line count discrepancies.</p>	None Identified.	None.
	<p>Front-end and back-end sales commissions will be calculated incorrectly if line information in COE is incorrect.</p>	<p>Front-end and back-end commissions are calculated automatically by the Sales Commission System after obtaining the following information from the appropriate systems:</p> <ul style="list-style-type: none"> • COE • Account name (customer) • Lines sold/installed • Products sold to customer • Sales representative • Network Strategies – feature level information • Rep Management System – individual's rank 	None Identified.	None.
		<p>The following controls (mentioned earlier) also mitigate the risk associated with inaccurate line count in COE:</p> <p>For Resale orders, the Billing Department compares the original written Resale orders to the orders input into COE and verifies accuracy of input.</p> <p>For UNE orders, the PSR Team in the Customer Implementation Group compares the original written UNE orders to the orders input into COE and verifies accuracy of input.</p> <p>For Non-UNE orders, the Specials Team in the Customer Implementation Group compares the original written Non-UNE orders to the orders input into COE and verifies the accuracy of the input.</p>		

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		<p>The "Installs Complete in TBS Not in COE" report is an exception report used to identify when the RDD or DD tasks are closed in TBS but the order status may not have been updated as "installed" in COE. A manager reviews the status of all orders on a weekly basis.</p> <p>The "Installs Complete in COE Not in TBS" report is an exception report used to identify when the RDD/DD task may not have been closed in TBS but the order status was updated as "installed" in COE. A manager reviews the status of all orders on a weekly basis.</p>		
	Cancelled lines may not be appropriately reflected in sales commissions, resulting in the overpayment of commissions.	<p>The sales force (city VPs, sales managers, and sales representatives) does not initially process cancelled orders. Sales engineers, who are not commissioned, are responsible for entering and processing cancelled orders. Segregation of sales and cancellations ensures cancelled orders are not withheld in order to minimize effect on commissions.</p>	None Identified.	None.
		<ul style="list-style-type: none"> After a cancel order is processed, the system will automatically deduct the lines from the front-end commission line count. The front-end commission line count may be negative. Allegiance's commission policy does not allow the netting of front-end commission line counts against back-end commission line counts. Therefore if the front-end commission line count is negative when commissions are calculated for the current month, it will be carried over to the next month. 	None Identified.	None.

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Risk ID	Business Risks	Identified Controls	Gaps & Business Impact	Control Recommendations
		<p>Cancelled lines for which the sales representative is not penalized are reviewed on a case by case basis. The following actions may be taken by the IT department and the Commissions Analyst:</p> <ul style="list-style-type: none"> Change the sales representative's status in COE to a "house representative" after receiving approval from the sales manager or city VP Manually change the commissions in the Pay file with an adjustment 	None Identified.	None.
	Commissions may be paid to terminated employees.	<p>Terminated employees are not deleted from the Sales Commission System in order to preserve the integrity of the history maintained by the system.</p> <p>Pay file (contains all calculated commissions to be paid for the previous month) is manually compared to the termination dates maintained by Human Resources. Usually, pay file commissions related to terminated employees are then manually deleted before the Pay file is sent to the Payroll department.</p>	If employees are terminated mid-month, back-end commissions for the full month may be paid because it requires too many resources to determine which lines were installed before the employee's mid-month termination date.	Evaluate the business need for and cost effectiveness of assigning separate responsibility for determining back-end commissions for employees terminated mid-month and evaluate the possibility of automating the termination date to install date comparison dependent upon the commission policy.

AA 01752
CONFIDENTIAL

App. 506

AP-293 Sampling Tool – Test of Combined Control Results

Client	Allegiance Telecom, Inc.								
Audit Date	31-Dec-01	Prepared by / Date	Andy Barron on 8/13/2001						
Account Name / Description of Test	End-User Accounts Receivable Confirmations								
Definition of an Error (Misstatement)	Accounts Receivable per the customers' records does not match Allegiance's accounts receivable subsidiary ledger								
RCD ref.	# 374	Sample Selection Technique	<table border="1"> <tr> <td>Random</td> <td>Systematic</td> <td>Haphazard</td> </tr> <tr> <td></td> <td></td> <td>X</td> </tr> </table>	Random	Systematic	Haphazard			X
Random	Systematic	Haphazard							
		X							

Applicability:

This worksheet plans the sample size and evaluates a test of combined control results. It is applicable when:

1. Our initial tests (inquiry, observation and inspection) indicate that the design of the specific risk and pervasive controls is effective and the controls are in place.
2. The monetary value of an account or balance will be sampled to verify that the combination of controls over it has adequately prevented/detected misstatements. This might be appropriate if we cannot perform individual tests of one or more key specific risk controls.
3. Inherent risk is moderate or high, but we are relying on specific risk controls to significantly mitigate that risk.
4. Accordingly, we expect very little misstatement of the balance.
5. Sampling is appropriate for testing for the type of misstatements that should be prevented by the controls. The primary concern should be overstatements.

Before starting:

1. Determine Tolerable Error. The amount provided by the Materiality Tool (Form AP-110) should be reduced for a test of transactions (e.g., revenue) for a period less than the full year.
2. Refer to the RCD that links a business risk with a financial statement account or balance. The inherent risk of misstatement should be moderate or high.
3. Assess the effectiveness of the design of the controls over that account (adequate or excellent).
4. Define the population to be sampled; i.e., the set of detailed records supporting the account. Determine that the population is complete (i.e., contains all the relevant records).
5. Consider whether sampling is appropriate for testing for misstatements. The primary concern should be with overstatements of the population. Sampling is not effective for searching records for unrecorded items (e.g., invoices omitted from accounts payable).
6. Define the conditions that will represent errors (misstatements) in the sample items.
7. Determine the population's balance (monetary amount) and the approximate number of items it contains. If credit items are significant (say, over 10% of the balance), separate them from the debits (and consider testing ~~them separately~~ the separately stratum if we want to examine certain items that are large or are the most likely to contain errors. (This helps screen risk and can reduce the overall testing scope.) Any items exceeding Tolerable Error must be included. The rest of the population (the "sampled stratum") is to be tested by a representative sample.
9. Make a rough estimate of expected error; i.e., our expectation of the monetary amount of error in the sampled stratum. This tool will suggest a default value, which you may adjust if appropriate.
10. Determine the sample selection technique. The sample should be representative. Therefore, random or systematic selection is preferable, but haphazard selection is acceptable when those techniques cannot be used (see AOP 10.2.4.2).

AP-293 Sampling Tool – Test of Combined Control Results **Sample Size Estimation**

Tolerable Error *Maximum total misstatement of the account that is acceptable* 3/ 12,142,418 \pm

Assessed Effectiveness of the Design of Controls over the Account (*Adequate = default*)

Adequate **Excellent**

X

Account Balance - Strata Totals

Date of Records

30-Jun-01

Total Balance

3/ 84,766,849 \times

100% Stratum

3/ 0

Sampled Stratum

3/ 84,766,849 \pm

NOTE: Create a 100% Stratum for any targeted items that you intentionally select because they are very large or are the most likely to be misstated. Any items exceeding Tolerable Error must be included. All these items are to be examined (100% tested). The Sampled Stratum (i.e., the remaining items) is to be tested by a representative sample.

Approximate Number of Items in Sampled Stratum

A

Expected Error in Sampled Stratum - Amount (net overstatement)

Default

2,428,484

2,428,484

% of Tolerable Error

20%

20%

% of Stratum Balance

2.86%

2.86%

Range of Expected Error

<u>Minimum</u>	<u>Default</u>	<u>Maximum</u>
1,214,242	<u>2,428,484</u>	4,856,967

The default value is appropriate for the stated conditions, but you may select another amount within the range. **CAUTION:** Do not enter an amount smaller than the default unless you are reasonably sure of the error conditions. If you understate this value, the sample size may be too small for those conditions.

Sample Size - for Sampled Stratum

B-50

3/ 11

\pm T/A to preliminary materiality tool at UG-15
P2

\checkmark T/A to 6-30-2001 end-user agings, footing required

- ① The engagement team notes this field does not affect the sample size as long as it is greater than the sample size. For this test, the number of items is the number of customers, which is more than the sample size. The information was not readily available; therefore the engagement team did not complete this field. AB 11-26-2001

AP-293 Sampling Tool – Test of Combined Control Results
Evaluation of Sample Results

	Total Balance	100% Stratum	Sampled Stratum
Account Balance	2 / 84,766,349	2 / 0	2 / 84,766,349
Tolerable Error			2 / 12,142,418

Enter the sample results (negative value = understatement).

	Error Amount
100% Stratum - Total Error	0

Sampled Stratum - Totals of Sample	Sample Size	Book Value	Error Amount	Error %
	2 / 11	B-50 25,651.38	B-50 13,354.02	52.06%
Projection for Stratum				44,129,329
Projected Error (Point Estimate of Overstatement)				44,129,329

Evaluation Summary -

☒ **Favorable** - Projected Error for the Sampled Stratum does not exceed Expected Error.

If the nature of the errors and the outcome of other, related work do not suggest any unexpected problems, the results indicate that (1) controls are effective and (2) the misstatement is not significant.

☒ **Unfavorable** - Projected Error for the Sampled Stratum exceeds Expected Error. There is an

☒ unplanned risk that the actual misstatement exceeds Tolerable Error --

- (1) If the projection is only **slightly** greater than Expected Error and other, related work reveals no other concerns, this risk normally is acceptable and the controls may be considered effective.
- (2) Otherwise, this unplanned risk is not acceptable. The results do not indicate that the controls are effective. Consider requesting the client to strengthen controls and/or review for and correct errors before we perform additional tests of the account. Plan on performing tests of the improved controls and/or tests to reduce residual risk.

Indicate your response to unfavorable results on the RCD.

② Based on our confirmation/subsequent receipts testing, the engagement team notes the results are unfavorable. See monetary unit sampling of end-user accounts receivable at B-100, AB 11-26-2001

FCC Form 477 - Local Competition and Broadband Reporting**Cover Page - Name & Contact Information**

All filers must complete this section.

File data as of: **December 31, 2000!**

Please review instructions before completing form.

1. Filing Status

Click and select from drop-down list

2. Company

3. Indicate the category that best describes the operations covered by this filing.

Click and select from drop-down list

4. Filers must report separate data for ILEC and non-ILEC operations.

Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.

Click and select from drop-down list

5. Use the following drop-down box to select your company, parent or controlling entity name. Select "not shown" if it is not in the list. See instructions Section IV-B-1 for information on preparing file names.

Not shown below

If you selected "not shown" above, then provide the following:

Name of company, parent or controlling entity.

6. State.

Click and select from drop-down list

7. Contact person (person who prepared the data contained below).

8. Contact person telephone number and e-mail address.

phone

e-mail

9. Indicate whether this is an original or revised filing.

Click and select from drop-down list

10. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

Click and select from drop-down list

11. If you requested non-disclosure in line 10, indicate if this is your complete or redacted file.

Click and select from drop-down list

Reminders:

1) Virus check your floppy diskettes or compact disk before you mail them.

2) Use the correct version of the form. If you are not filing data for December 31, 2000, then obtain the correct version from www.fcc.gov/broadband/data/forms.

3) You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Files that cannot be opened in EXCEL97, files whose structure has been altered, and files with improper names will be returned for re-filing.

4) If you have questions about the form, contact the Common Carrier Bureau, Industry Analysis Division at (202) 418-0940; via e-mail at 477INFO@fcc.gov; or via TTY at (202) 418-0484.

5) You must include a Certification statement signed by an officer of your company. A single statement will cover all files included on the diskette.

6) If you request non-disclosure of some data, you must file a public version of the form with such information redacted. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.

7) Name your files as specified in section IV.B.1 of the instructions. To assist you, complete this Cover Page to generate an "example" name, below. Replace the character "#" in this example name with a sequence number as specified in the instructions. This number should be "1" unless using "1" would cause you to submit more than one file with the identical file name.

Example: SST#D00name.XLS

OMB NO: 3060-0816

EXPIRATION DATE: 11/30/2003

Holland # 237

FCC Form 477 – Local Competition and Broadband Reporting

Complete Part I if you and all affiliates (including commonly controlled entities) provide 250 or more broadband lines or wireless channels in the state over your own facilities or over lines you provisioned as broadband. See instructions for definitions of "own facilities", "broadband", "end user", and "residential and small business".

If you provide data in Part I, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the broadband services reported herein. See instructions.

Data as of December 31, 2000

A. Lines and wireless channels of broadband service that you provided over your own facilities, or over UNE loops or other lines and wireless channels that you obtained from other service providers and equipped as broadband, categorized by technology at the end-user location.

(a)	Percentages of lines and wireless channels reported in (a)				
	(b) % of (a) used by residential & small business customers	(c) % of (a) provided over your own facilities	(d) % of (a) provided (i.e. billed directly) to end users	(e) % of (a) providing customers greater than 200 kbps in both directions	(f) % of (a) providing customers greater than 2 mbps in both directions
Total one-way and two-way (full) broadband lines and wireless channels					
1 - 1. Asymmetric xDSL.					
1 - 2. Other traditional wireline including symmetric xDSL.				100%	
1 - 3. Coaxial carrier systems including hybrid fiber-coaxial systems.					
1 - 4. Optical carrier (fiber to the end user).					
1 - 5. Satellite.					
1 - 6. Terrestrial wireless fixed.					
1 - 7. Terrestrial wireless mobile.					
1 - 8. All other technologies, such as distribution over					

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting**Part II: Wireline and Fixed Wireless Local Telephone**

Complete Part II if you and all affiliates (including commonly controlled entities) provide 10,000 or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the state. See instructions for definitions of "voice telephone service", "voice-grade equivalent lines", "residential and small business", "owned facilities", "COLO switching centers", and "end users".

If you provide data in Part II, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the wireline or fixed wireless voice grade services reported herein. See instructions.

Data as of December 31, 2000

A. Voice telephone service provided to end users.

II - 1. Total lines and channels you provided to end users.

B. Voice telephone service provided to other communications carriers, categorized by:

II - 2. Lines and channels that you provided under a Total Service Resale arrangement. See instructions.

II - 3. Lines and channels you provided under other resale arrangements, such as resold centrex.

C. UNE loops, special access lines, and those private lines that connect to carriers, categorized by:

II - 4. Lines and channels that you provided under a UNE loop arrangement, where you do not provide switching for the line.

II - 5. Lines and channels that you provided under a UNE loop arrangement, where you also provided switching for the line.

II - 6. Special access lines not provided as broadband and private lines that connect an end-user premises to a telecommunications common carrier and is not provided as broadband.

D. Total wireline voice-grade equivalent lines & fixed wireless voice-grade equivalent channels in service.

II - 7. Total lines and channels provided. [line II-1+line II-2 + line II-3]

(a) Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Percentages of lines and wireless channels reported in (a)			
	(b) % of (a) used for residential & small business service	(c) % of (a) provided over your own facilities	(d) % of (a) provided over UNE loops	(e) % of (a) in ILEC COLO switching centers
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(a) Total lines and wireless channels	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Percentage of channels reported in (a), carried over the following types of facilities categorized by the technology used in the part of the line or wireless channel at the end-user location		
(f) cable coaxial	(g) wireless	(h) all other including traditional wireline
<input type="text"/>	<input type="text"/>	<input type="text"/>

OMB NO: 3060-0816

EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting**Part III: Mobile Local Telephone**

--

Complete Part III if you and all affiliates (including commonly controlled entities) serve 10,000 or more mobile voice telephony subscribers in the state over your own facilities. See instructions for definitions of "mobile voice telephony subscribers" and "owned facilities".

Data as of December 31, 2000

A. Mobile voice telephony subscribers in service and served over your own facilities.

(a) Network telephone service: subscribers	(b) Percentage of (a) provided (i.e. billed directly) to end users		
<table border="1"> <tr> <td></td> </tr> </table>		<table border="1"> <tr> <td></td> </tr> </table>	

III - 1. Cellular, PCS & other mobile telephony.

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting

Part IV: Explanations and Comments

Space for comments or explanatory notes.

[illegible]

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting**Part V: Zip Code Listings**

--

Filers completing Part I or Part II must supply a list of 5-digit Zip Codes in which the filer has at least one customer.
Do not provide customer counts by Zip Code.

Data as of December 31, 2000

V - 1. 5-digit Zip Codes in the state in which you provide service to end-user locations:

(b)
Wireline & Fixed
Wireless Exchange
Telephone

(a)
Broadband
Service

1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
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32		
33		
34		

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting

All filers must complete this section.

1. Filing Status

2. Company

File data as of: June 30, 2001Click and select from drop-down list

2. Company

3. Indicate the category that best describes the operations covered by this filing.

Click and select from drop-down list

4. Filers must report separate data for ILEC and non-ILEC operations.

Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.

Click and select from drop-down list

5. Use the following drop-down box to select your company, parent or controlling entity name. Select "not shown" if it is not in the list. See instructions Section IV-B-1 for information on preparing file names.

Not shown below

If you selected "not shown" above, then provide the following:

Name of company, parent or controlling entity.

6. State.

Click and select from drop-down list

7. Contact person (person who prepared the data contained below).

8. Contact person telephone number and e-mail address.

phone

e-mail

9. Indicate whether this is an original or revised filing.

Click and select from drop-down list

10. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

Click and select from drop-down list

11. If you requested non-disclosure in line 10, indicate if this is your complete or redacted file.

Click and select from drop-down list**Cover Page - Name & Contact Information**

Please review instructions before completing form.

Reminders:

- 1) Virus check your floppy diskettes or compact disk before you mail them.
- 2) If you are not filing data for June 30, 2001, then contact the Common Carrier Bureau, Industry Analysis Division at (202) 418-0940; via e-mail at 477INFO@fcc.gov; or via TTY at (202) 418-0484.
- 3) You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Files that cannot be opened in EXCEL97, files whose structure has been altered, and files with improper names will be returned for re-filing.
- 4) If you have questions about the form, contact the Common Carrier Bureau, Industry Analysis Division at (202) 418-0940; via e-mail at 477INFO@fcc.gov; or via TTY at (202) 418-0484.
- 5) You must include a Certification statement signed by an officer of your company. A single statement will cover all files included on the diskette.
- 6) If you request non-disclosure of some data, you must file a public version of the form with such information redacted. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.
- 7) Name your files as specified in section IV.B.1 of the instructions. To assist you, complete this Cover Page to generate an "example" name, below. Replace the character "#" in this example name with a sequence number as specified in the instructions. This number should be "1" unless using "1" would cause you to submit more than one file with the identical file name.

Example: SST#J01name.XLS

OMB NO: 3060-0816

EXPIRATION DATE: 11/30/2003

Holland # 2.38

FCC Form 477 – Local Competition and Broadband Reporting**Part I: Broadband**

Complete Part I if you and all affiliates (including commonly controlled entities) provide 250 or more broadband lines or wireless channels in the state over your own facilities or over lines you provisioned as broadband. See instructions for definitions of "own facilities", "broadband", "end user", and "residential and small business".

If you provide data in Part I, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the broadband services reported herein. See instructions.

Data as of June 30, 2001

A. Lines and wireless channels of broadband service that you provided over your own facilities, or over UNE loops or other lines and wireless channels that you obtained from other service providers and equipped as broadband, categorized by technology at the end-user location.

	(a) Total one-way and two-way (full) broadband lines and wireless channels	Percentages of lines and wireless channels reported in (a)				
		(b) % of (a) used by residential & small business customers	(c) % of (a) provided over your own facilities	(d) % of (a) provided (i.e. billed directly) to end users	(e) % of (a) providing customers greater than 200 kbps in both directions	(f) % of (a) providing customers greater than 2 mbps in both directions
1 - 1. Asymmetric xDSL.						
1 - 2. Other traditional wireline including symmetric xDSL.					100%	
1 - 3. Coaxial carrier systems including hybrid fiber-coaxial systems.						
1 - 4. Optical carrier (fiber to the end user).						
1 - 5. Satellite.						
1 - 6. Terrestrial wireless fixed.						
1 - 7. Terrestrial wireless mobile.						
1 - 8. All other technologies, such as distribution over electric power lines.						

Note: In Part I, report actual counts. Do not report voice grade equivalent measures.

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting**Part II: Wireline and Fixed Wireless Local Telephone**

Complete Part II if you and all affiliates (including commonly controlled entities) provide 10,000 or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the state. See instructions for definitions of "voice telephone service", "voice-grade equivalent lines", "residential and small business", "owned facilities", "COLO switching centers", and "end users".

If you provide data in Part II, you must provide in Part V a list containing the 5-digit zip codes of the end-user locations in which you provide the wireline or fixed wireless voice grade services reported herein. See instructions.

Data as of June 30, 2001

A. Voice telephone service provided to end users.

II - 1. Total lines and channels you provided to end users.

B. Voice telephone service provided to other communications carriers, categorized by:

II - 2. Lines and channels that you provided under a Total Service Resale arrangement. See instructions.

II - 3. Lines and channels you provided under other resale arrangements, such as resold centrex.

C. UNE loops, special access lines, and those private lines that connect to carriers, categorized by:

II - 4. Lines and channels that you provided under a UNE loop arrangement, where you do not provide switching for the line.

II - 5. Lines and channels that you provided under a UNE loop arrangement, where you also provided switching for the line.

II - 6. Special access lines not provided as broadband and private lines that connect an end-user premises to a telecommunications common carrier and is not provided as broadband.

(a) Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Percentages of lines and wireless channels reported in (a)			
	(b) % of (a) used for residential & small business service	(c) % of (a) provided over your own facilities	(d) % of (a) provided over UNE loops	(e) % of (a) in ILEC COLO switching centers
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

D. Total wireline voice-grade equivalent lines & fixed wireless voice-grade equivalent channels in service.

II - 7. Total lines and channels provided. [line II-1+line II-2 + line II-3]

Percentage of channels reported in (a), carried over the following types of facilities categorized by the technology used in the part of the line or wireless channel at the end-user location		
(f) cable coaxial	(g) wireless	(h) all other including traditional wireline
<input type="text"/>	<input type="text"/>	<input type="text"/>

OMB NO: 3060-0816

EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting**Part III: Mobile Local Telephone**

Complete Part III if you and all affiliates (including commonly controlled entities) serve 10,000 or more mobile voice telephony subscribers in the state over your own facilities. See instructions for definitions of "mobile voice telephony subscribers" and "owned facilities".

Data as of June 30, 2001

A. Mobile voice telephony subscribers in service and served over your own facilities.

III - 1. Cellular, PCS & other mobile telephony.

(a) Network telephone service: subscribers	(b) Percentage of (a) provided (i.e. billed directly) to end users
-----------------------------------------------------	--------------------------------------------------------------------------------

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting

Part IV: Explanations and Comments

Space for comments or explanatory notes.

[illegible]

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 -- Local Competition and Broadband Reporting

Part V: Zip Code Listings

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

Filers completing Part I or Part II must supply a list of 5-digit Zip Codes in which the filer has at least one customer. Do not provide customer counts by Zip Code.

Data as of December 31, 2000

V - 1. 5-digit Zip Codes in the state in which you provide service to end-user locations:

**(a)
Broadband
Service**

**(b)
Wireline & Fixed
Wireless Exchange
Telephone**

[illegible][illegible]

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

Holding Companies Filing Form 477 *

(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
@Link Holdings, Inc.	X		
3 Rivers Telephone Cooperative, Inc.		X	
Access Integrated Networks, Inc.		X	
Ace Telephone		X	
Adelphia	X	X	
Advanced Tel, Inc.		X	
Advanced TelCom Group, Inc.	X	X	
Airadigm Communications, Inc.			X
Alaska Communications Systems Holdings, Inc.		X	X
Allegiance Telecom, Inc.	X	X	
ALLTEL Corporation	X	X	X
American Cellular Corporation			X
AOL Time Warner	X	X	
Arvig Enterprises, Inc.	X	X	
AT&T Corp.	X	X	X
Atlantic Telephone Membership Corporation		X	
Beehive Telephone Co.		X	
BellSouth Corporation	X	X	
Ben Lomand		X	
Birch Telecom, Inc.		X	
Bishop Communications Corporation		X	
Bixby Telephone Company		X	
Blackfoot Telephone Cooperative, Inc.		X	
Bledsoe Telephone Cooperative, Inc.		X	
Blue Earth Valley Communications, Inc.		X	
Blue Valley Telephone Company		X	
Board of Water, Electric and Communications, the City of Muscatine, Iowa	X		
Brandenburg Telephone Company	X	X	
Brindlee Mountain Telephone Company		X	
Broadview Networks, Inc.		X	
Broadwing, Inc.	X	X	X
Bulloch County Rural Telephone Cooperative, Inc.		X	
Cable One, Inc.	X		
Cal-One Cellular LP.			X
California RSA #3 Ltd. Ptnrshp			X
Cameron Communications Corp.		X	
Canby Telephone Association	X	X	
Carolina PCS I Limited Partnership			X
Cascade Utilities, Inc.		X	
Cass County Electric Cooperative	X		
Cavalier Telephone, LLC	X	X	
Cellular Mobile Systems of Saint Cloud			X
Cellular Network Partnership			X
Cellular XL Associates, L.P.			X
Celulares Telefónica, Inc.			X
Centennial Cellular	X	X	X
Centennial de Puerto Rico	X	X	X
CenturyTel, Inc.	X	X	X
CFW Communications Company	X	X	X
CGKC&H Rural Cellular Limited Partnership			X

* Includes all carriers that were required to file as well as those that voluntarily filed.

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Holding Companies Filing Form 477 *

(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
Charter Communications	X		
Chequamegon Telephone Cooperative, Inc.	X	X	
Chester Telephone Company	X	X	
Chibardun Telephone Cooperative, Inc.		X	
Chicago 20MHz, LLC			X
Chillicothe Telephone	X	X	
Choice Communications, Inc.	X	X	
Choice One Communications Inc.	X	X	
Churchill County, State of Nevada	X	X	
CIMCO Communications, Inc.		X	
Cingular Wireless LLC			X
Citizens Telecommunication Company	X	X	X
Citizens Telephone		X	
City of Brookings Telephone Fund		X	
City of Ketchikan	X	X	
City of Wadsworth	X		
Clear Lake Independent Telephone Co.	X	X	
Com Link Inc	X		
Comcast Corporation	X		
Commonwealth Telephone Company	X	X	
Community Service Communications		X	
Conestoga Enterprises, Inc.	X	X	X
Consolidated Telecom		X	
Conversent Communications of Massachusetts, LLC.		X	
Conway Corporation	X		
Cooperative Communications, Inc.		X	
Corr Wireless Communications, L.L.C.			X
CoServ LLC	X	X	
Covad Communications Group, Inc.	X		
Cox Communications, Inc.	X	X	
Craw-Kan		X	
CSC Holdings, Inc.	X	X	
CT Communications, Inc.	X	X	
CTC Communications Corp.		X	
CTEL Holdings, Inc. f/k/a USN Wireless, Inc.		X	
CTSI, Inc.		X	
D & E Communications, Inc.	X	X	X
DeKalb Telephone Cooperative, Inc.		X	
Dobson Communications Corporation			X
Douglas Telecommunications			X
DSLnet Communications, LLC	X		
Duo County Telephone Cooperative Inc.		X	
E. Ritter Communications Holdings, Inc.		X	
e.spire		X	
Eagle Communications, Inc.	X		
East Ascension Telephone Co., Inc.	X	X	
East KY Network, LLC		X	X
Eastex Telephone Cooperative, Inc.		X	
Electric Lightwave, Inc.	X	X	
Ellijay Telephone Company	X	X	

* Includes all carriers that were required to file as well as those that voluntarily filed.

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Holding Companies Filing Form 477 *
(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
Etex Telephone Coop., Inc.		X	X
ETS Telephone Company, Inc.	X		
Evans Telephone Co.		X	
FairPoint, Communications, Inc.	X	X	
Farmers Telephone Cooperative, Inc.		X	
Farmers Telephone Cooperative, Inc.	X	X	
Fidelity Telephone Company		X	
Focal Communication Corp.		X	
Foothills Rural Telephone Cooperative Corporation, Inc.		X	
Garden Valley Telephone Company		X	
GCI Communication Corp.	X	X	
Global Crossing North America, Inc.	X	X	
Golden West Telecommunications Cooperative, Inc.		X	
Graceba Total Communications, Inc.	X		
Grand River Mutual Telephone Corporation	X	X	
Great Plains Communications, Inc.		X	
GTE Wireless Cincinnati LLC			X
Guadalupe Valley Telephone Cooperative		X	
Hargray Communications Group, Inc.	X	X	X
Hawaiian Wireless, Inc.			X
Hector Communications Corp.	X	X	
Hiawatha Communications, Inc.		X	
Hickory Tech Corporation	X	X	X
High Plains/Midwest LLC			X
Highland Cellular Holdings, Inc.			X
Highland Telephone Cooperative (TN)		X	
Hill Country Telephone Cooperative, Inc.		X	
Horry Telephone	X	X	
HTC Holding Co.	X	X	
Hughes Electronic Corp.	X		
HunTel Systems Inc.	X	X	
Hutchinson Telephone Company	X	X	
ICG Telecom Group Inc.		X	
Illinois Valley Cellular			X
Integra Telecom		X	
Intermedia Communications, Inc.	X	X	
Interstate Telecommunications Cooperative, Inc.		X	
Iowa Telecommunications Systems, Inc.	X	X	
IP Communications, Inc.			
ITC^DeltaCom, Inc.		X	
Kerman Telephone Co.	X	X	
Kerrville Communications Corporation	X	X	
Kingwood Cablevision, Inc.	X		
KMC Telecom Holdings, Inc.		X	
Knology, Inc.	X	X	
Leap Wireless International, Inc.			X
Lexington Communications, Inc.	X	X	X
Lightyear Holdings, Inc.		X	
Lincolnville Telephone Company	X	X	
Lintel, Inc.		X	

* Includes all carriers that were required to file as well as those that voluntarily filed.

Holding Companies Filing Form 477 *
(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
Logix Communications Corporation		X	
Louisiana Unwired, LLC			X
Lynch Interactive Corporation		X	
Madison River Capital, LLC	X	X	
Matanuska Telephone Association, Inc.	X	X	X
MBO Corporation		X	
McLeodUSA Telecommunications Services, Inc.	X	X	
MCT, Inc.		X	
Mediacom Communications Corp.	X		
Melrose Telephone Company		X	
Metro Teleconnect Companies, Inc.		X	
Mid-Rivers	X	X	
Mid-Tex Cellular, Ltd.			X
Midcontinent Communications	X	X	
Midwest Wireless Communications, LLC			X
Midwest Wireless Holdings, LLC			X
Millennium Digital Media, LLC	X		
Millington Telephone Company, Inc.		X	
Mpower Communications	X	X	
NDTC		X	
Nemont Telephone Cooperative, Inc.		X	
Net2000 Communications Services, Inc.	X	X	
Network Access Solutions Corp.	X		
New Edge Network, Inc.	X		
New Ulm Telecom, Inc.		X	
NewSouth Communication Corp.		X	
Nextel Communications, Inc.			X
North Carolina RSA 3 Cellular Tel. Co.			X
North Central Telephone Cooperative, Inc.	X	X	
North Pittsburgh Systems, Inc.	X	X	
North State Telecommunications Corporation	X	X	
Northeast Communications of Wisconsin, Inc.			X
Northland Telephone Systems		X	
Northwestern Indiana Telephone Company, Inc.		X	
NOW Communications, Inc.		X	
NPI Omnipoint Wireless, LLC			X
Nucentrix Broadband Networks, Inc.	X		
OpTel Inc.		X	
PaeTec Corp.	X		
Palmerton Telephone Company		X	
Palmetto Rural Telephone Coop., Inc.		X	
Panhandle Telephone Cooperative, Inc.	X	X	X
Paul Bunyan Rural Telephone Cooperative	X	X	
PBT	X	X	
Peoples Telephone Coop., Inc.	X	X	X
Piedmont Rural Telephone Cooperative, Inc.		X	
Pineland Telephone Coop. Inc.	X	X	
Pioneer		X	
Pioneer Telephone Association, Inc.	X	X	
Pioneer Telephone Cooperative		X	

* Includes all carriers that were required to file as well as those that voluntarily filed.

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Holding Companies Filing Form 477 *
(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
Plant Telephone Company		X	
Polar Communications		X	
Powertel, Inc.			X
Project Mutual Telephone Coop. Assoc. Inc.		X	
Public Service Cellular, Inc.			X
Public Service Telephone Co., Inc.		X	
Puerto Rico Telephone Company	X	X	
Qwest Communications International, Inc.	X	X	X
Range Telephone Cooperative, Inc.		X	X
RCN Corporation	X	X	
RFB Cellular, Inc.			X
Rhythms Link, Inc.	X		
Ringgold Telephone Company		X	
Rock Hill Telephone Company	X	X	
Roseville Communications Company	X	X	
Rural Cellular Corporation		X	X
Rural Telephone Service Company, Inc.	X	X	
Sandhill Telephone Cooperative, Inc.		X	
SBC Communications, Inc.	X	X	
Schurz Communications, Inc.	X		
Scott Rice Telephone Co. dba Integra Telecom	X	X	
Selectronics Corporation	X	X	
Seren Innovations Inc.	X		
Shenandoah Telecommunications Company		X	X
Sierra Tel Communications Group		X	X
Sioux Valley Southwestern Electric, Inc.	X		
SJI, Inc.	X	X	X
Sjoberg's Inc.	X		
Skyline Telephone Membership Corporation		X	
Smith Bagley, Inc.			X
Smithville Telephone Company, Inc.		X	
South Central Rural Telephone Cooperative, Inc.	X	X	
South Central Utah Telephone Association, Inc.	X	X	X
South Slope Cooperative Telephone Co., Inc.		X	
Southern Company			X
Southern Illinois RSA Partnership			X
Sprint Corporation	X	X	X
SRT Services Corp.	X	X	
Star Telephone Membership Corporation		X	
State Long Distance Telephone Company		X	
Sully Buttes Telephone Coop. Inc.		X	
Surry Telephone Membership Corporation		X	
Sylvan Valley CATV Company	X		
Talk.com Holding Corp.		X	
Taylor Telephone Cooperative, Inc.		X	X
TDS Telecommunications Corp.	X	X	
Telapex, Inc.	X	X	X
Telephone Electronics Corporation		X	
Telergy Operating, Inc.	X	X	
Teligent, Inc.	X	X	

* Includes all carriers that were required to file as well as those that voluntarily filed.

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Holding Companies Filing Form 477 *

(Reporting Data as of December 31, 2000)

	Broadband Part I	Local Exchange Part II	Mobile Wireless Part III
Texas Unwired			X
The Champaign Telephone Company		X	
The North-Eastern Pennsylvania Telephone Company	X	X	
TLX Communications, Inc.		X	
Triton PCS Holdings Company L.L.C.			X
TruCom Corporation		X	
TSC	X	X	
TTC		X	
Twin Lakes Telephone Cooperative Corp.		X	
TXU Communications	X	X	
U.S. TelePacific Corp	X	X	
Union Springs Telephone CO	X		
Union Telephone Company			X
United Companies, Inc.		X	
United States Cellular Operating Company			X
United Telephone Association, Inc.	X		
US LEC Corp.	X	X	
US Unwired, Inc.			X
Utel , Inc.	X	X	
Utilicom Networks LLC	X	X	
UTMA		X	
Valley Telephone Cooperative, Inc.			X
Valor Telecommunications	X	X	
VarTec Telecom Holding Company		X	
Verizon Communications Inc.	X	X	X
Vermont Telephone Company, Inc.	X	X	
Virginia Cellular LLC			X
Vista-United Telecommunications	X	X	
Voicestream Wireless Corporation			X
Volcano Telephone Company		X	
Warwick Valley		X	
West Carolina Rural Telephone Coop., Inc.		X	
West Kentucky RTCC	X	X	
West River Telecommunications Cooperative		X	
Western Wireless Corporation			X
Whidbey Telephone Company	X	X	
Wilkes Telephone & Electric Company		X	
Wilkes Telephone Membership Corporation		X	
WinStar Communications, Inc.	X	X	
Wireless Management Corporation			X
Wood County Telephone Company	X	X	
WorldCom, Inc.	X	X	
XIT			X
XO Communications, Inc.	X	X	
Yadkin Valley Telephone	X	X	
Yankee Telecom, Inc.		X	
Yorkville Telephone Cooperative, Inc.			X
Z-Tel Communications, Inc.		X	

* Includes all carriers that were required to file as well as those that voluntarily filed.

FCC Form 477 -- Local Competition and Broadband Reporting

All filers must complete this section.

File data as of: December 31, 2001

1. Filing status
2. Company

3. Indicate the category that best describes the operations covered by this filing.

4. Filers must report separate data for ILEC and non-ILEC operations.
 Use the following drop-down box to indicate whether this worksheet contains data for ILEC or for non-ILEC operations.

5. Use the following drop-down box to select your company, parent or controlling entity name. Select "not shown" if it is not in the list. See instructions Section IV-B-1 for information on preparing file names.

If you selected "not shown" above, then provide the following:

Name of company, parent or controlling entity.

6. State.

7. Contact person (person who prepared the data contained below).

8. Contact person telephone number and e-mail address.
 phone

e-mail

9. Indicate whether this is an original or revised filing.

10. Indicate whether you request non-disclosure of some or all of the information in this file because you believe that this information is privileged and confidential and public disclosure of such information would likely cause substantial harm to the competitive position of the filer.

11. If you requested non-disclosure in line 10, indicate if this is your complete or redacted file.

Cover Page - Name & Contact Information

Please review instructions before completing form.

Reminders:

- 1) Ensure files are virus free by using up-to-date virus detection software. Filers are encouraged to submit files via e-mail (address: FCC477@fcc.gov).
- 2) If you are filing original or revised data for an earlier semi-annual reporting period, do not use this particular form (which is only for data as of December 31, 2001). See reminder 4.
- 3) You may not insert or delete columns or rows, move cells, or edit text or numbers outside the cells provided for data entries. Files that cannot be opened in EXCEL97, files whose structure has been altered, and files with improper names will have to be refilled.
- 4) If you have questions about the form, contact the Common Carrier Bureau, Industry Analysis Division at (202) 418-0940; via e-mail at 477INFO@fcc.gov; or via TTY at (202) 418-0484.
- 5) You must submit a Certification Statement signed by an officer of your company. A single statement may cover all files submitted. See Instructions sections IV & V
- 6) If you request non-disclosure of some data, you must file a public version of the form with such information redacted. See Instructions sections IV.B and IV.C for information on preparing a redacted file.
- 7) Name your files as specified in Instructions section IV.B.1. To assist you, complete this Cover Page to generate an "example" name, below. Replace the character "#" in this example name with a sequence number as specified in the instructions. This number should be "1" unless using "1" would cause you to submit more than one file with the identical file name.

Example: SST#D01name.XLS

OMB NO: 3060-0816

EXPIRATION DATE: 11/30/2003

Holland # 240

FCC Form 477 -- Local Competition and Broadband Reporting**Part I: Broadband**

Complete Part I if you and all affiliates (including commonly controlled entities) provide 250 or more broadband lines or wireless channels in the state over your own facilities or over lines you provisioned as broadband. See instructions for definitions of "own facilities", "broadband", "end user", and "residential and small business".

If you provide data in Part I, you must provide in Part V a list containing the 5-digit Zip Codes of the end-user locations in which you provide the broadband services reported herein. See instructions.

Data as of December 31, 2001

A. Lines and wireless channels of broadband service that you provided over your own facilities, or over UNE loops or other lines and wireless channels that you obtained from other service providers and equipped as broadband, categorized by technology at the end-user location.

(a) Total one-way and two-way (full) broadband lines and wireless channels	Percentages of lines and wireless channels reported in (a)				
	(b) % of (a) used by residential & small business customers	(c) % of (a) provided over your own facilities	(d) % of (a) provided (i.e. billed directly) to end users	(e) % of (a) providing customers greater than 200 kbps in both directions	(f) % of (a) providing customers greater than 2 mbps in both directions
I - 1. Asymmetric xDSL.					
I - 2. Other traditional wireline including symmetric xDSL.				100%	
I - 3. Coaxial carrier systems including hybrid fiber-coaxial systems.					
I - 4. Optical carrier (fiber to the end user).					
I - 5. Satellite.					
I - 6. Terrestrial wireless fixed.					
I - 7. Terrestrial wireless mobile.					
I - 8. All other technologies, such as distribution over electric power lines.					

Note: In Part I, report actual counts. Do not report voice-grade equivalent measures.

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting **Part II: Wireline and Fixed Wireless Local Telephone**

Complete Part II if you and all affiliates (including commonly controlled entities) provide 10,000 or more voice-grade equivalent lines or wireless voice-grade equivalent channels used for local exchange or exchange access service in the state. See instructions for definitions of "voice telephone service", "voice-grade equivalent lines", "residential and small business", "owned facilities", "COLO switching centers", and "end users".

If you provide data in Part II, you must provide in Part V a list containing the 5-digit Zip Codes of the end-user locations in which you provide the wireline or fixed wireless voice grade services reported herein. See instructions.

Data as of December 31, 2001

A. Voice telephone service provided to end users.

II - 1. Total lines and channels you provided to end users.

B. Voice telephone service provided to other communications carriers, categorized by:

II - 2. Lines and channels that you provided under a Total Service Resale arrangement. See instructions.

II - 3. Lines and channels you provided under other resale arrangements, such as resold Centrex.

C. UNE loops, special access lines, and those private lines that connect to carriers, categorized by:

II - 4. Lines and channels that you provided under a UNE loop arrangement, where you do not provide switching for the line.

II - 5. Lines and channels that you provided under a UNE loop arrangement, where you also provided switching for the line.

II - 6. Special access lines not provided as broadband and private lines that connect an end-user premises to a telecommunications common carrier and is not provided as broadband.

D. Total wireline voice-grade equivalent lines & fixed wireless voice-grade equivalent channels in service.

II - 7. Total lines and channels provided. [line II-1+line II-2 + line II-3]

(a) Total voice-grade equivalent lines and voice-grade equivalent wireless channels in service	Percentages of lines and wireless channels reported in (a)			
	(b) % of (a) used for residential & small business service	(c) % of (a) provided over your own facilities	(d) % of (a) provided over UNE loops	(e) % of (a) in ILEC COLO switching centers
(a) Total lines and wireless channels				

Percentage of channels reported in (a), carried over the following types of facilities categorized by the technology used in the part of the line or wireless channel at the end-user location		
(f) Cable coaxial	(g) Wireless	(h) All other including traditional wireline

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting**Part III: Mobile Local Telephone**

Complete Part III if you and all affiliates (including commonly controlled entities) serve 10,000 or more mobile voice telephony subscribers in the state over your own facilities. See instructions for definitions of "mobile voice telephony subscribers" and "owned facilities".

Data as of December 31, 2001

A. Mobile voice telephony subscribers in service and served over your own facilities.

(a) Network telephone service subscribers	(b) Percentage of (a) provided (i.e. billed directly) to end users
----------------------------------------------------	--------------------------------------------------------------------------------

III - 1. Cellular, PCS & other mobile telephony.

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FCC Form 477 -- Local Competition and Broadband Reporting

Part IV: Explanations and Comments

Space for comments or explanatory notes.

[illegible]

OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

FCC Form 477 – Local Competition and Broadband Reporting

Part V: Zip Code Listings

Filers completing Part I or Part II must supply a list of 5-digit Zip Codes in which the filer has at least one customer. Do not provide customer counts by Zip Code.

Data as of December 31, 2001

V - 1. 5-digit Zip Codes in the state in which you provide service to end-user locations:

	(a) Broadband service	(b) Wireline & fixed wireless exchange telephone
1		
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OMB NO: 3060-0816
EXPIRATION DATE: 11/30/2003

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477

FCC Form 477, Instructions for March 1, 2001 Filing (of data as of 12/31/00)

Approved by OMB 3060-0816

Estimated Average Burden Hours Per Response: 11 Hours

Instructions for the Local Competition and Broadband Reporting Form (FCC Form 477)**I. PURPOSE**

The FCC Form 477 collects information on the deployment of broadband, local telephone and mobile telephony services from providers of these services. Data obtained from this form will be used to describe competition for local telecommunications services and deployment of broadband services. *See Local Competition and Broadband Reporting*, Order, FCC 00-114 (rel. March 30, 2000) for additional information about this collection.

II. WHO MUST FILE THIS FORM?

Three types of communications service providers must file this form:

- **Providers of Broadband Services:**

Facilities-based providers of broadband services (including incumbent and competitive LECs, cable companies, fixed wireless providers, terrestrial and satellite mobile wireless providers, MMDS providers, utilities, and others) must complete and file the applicable portions of this form for **each state** in which they provide **250 or more** "full or one-way broadband" lines (or wireless channels) or provide "full or one-way broadband" service to **250 or more** end user consumers. The applicable portions of the form are: 1) the Cover Page; 2) Part I; 3) Part IV (if necessary); and Part V.

Note: an entity is considered a "facilities-based broadband provider" if it provides broadband services over facilities that it owns or provisions/equips as broadband. More specifically, "facilities-based providers" include entities that provide broadband services over their own "local loop" facilities connecting to end users, or over unbundled network elements (UNEs), special access lines, and other leased lines and wireless channels that they obtain from other entities and equip as broadband.

- **Providers of Local Telephone Services:**

Incumbent and competitive local exchange carriers (LECs) must complete and file the applicable portions of the form for **each state** in which they provide **10,000 or more** "voice-grade equivalent lines (or wireless channels)." For purposes of this threshold, filers need only consider the number of voice-grade equivalent lines (or wireless channels) that would be reported in Line D.II-7(a) of the form. The applicable portions of the form are: 1) the Cover Page; 2) Part II; 3) Part IV (if necessary); and Part V.

- **Providers of Mobile Telephony Services:**

Facilities-based providers of mobile telephony services (see 47 C.F.R. 20.15(b)(1)) must complete and file the applicable portions of this form for **each state** in which they serve **10,000 or more** mobile telephony subscribers. Firms providing mobile telephony services using spectrum obtained

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Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477

via lease or other agreement with a Band Manager must also complete the applicable portions of this form. The applicable portions of the form are: 1) the Cover Page; 2) Part III; 3) Part IV (if necessary).

Note: Mobile telephony is defined as real-time, two-way switched voice service that is interconnected with the public switched network using an in-network switching facility that enables the provider to reuse frequencies and accomplish seamless handoff of subscriber calls.

Important Note for All Providers about Calculating Reporting Thresholds: Reporting thresholds are calculated based collectively on all commonly-owned and commonly-controlled affiliates operating in a given state. [See 47 U.S.C. § 153(1) (establishing a 10% equity interest as indicia of ownership).] That is, a provider must report for each state in which it and all affiliates collectively meet reporting thresholds. Such affiliates are, nevertheless, permitted to file forms for such states either combined or separately -- at their discretion.

III. LINE-BY-LINE INSTRUCTIONS FOR COMPLETING FORM FCC 477

A. Cover Page -- Name and Contact Information (All Filers)

Line 1: Select from the drop-down menu the applicable filing status.

Line 2: Provide the name of the entity whose data is contained in the form.

Line 3: Select the category that best describes the type of technology that you use to provide services. Choose from Cable Coaxial, Fiber, Fixed Wireless, Mobile Wireless, Reseller, Satellite, Wireline Local Exchange Carrier, or Other.

Line 4: In general, you can combine operations in a state or report them separately. However, entities that are, or are affiliated with, an incumbent LEC must complete and file separate forms for their incumbent LEC and non-incumbent LEC operations. All filers should indicate whether this filing is for an incumbent LEC filing or a non-incumbent LEC filing.

Line 5: You must provide a single name, such as a holding company name, so that all affiliated or commonly operated companies can be identified. See "Important Note for All Providers about Calculating Reporting Thresholds," above, for more information on which companies should be considered to be affiliated or commonly-controlled. The Excel 97 spreadsheet version of the form (preferred) has a drop down box with standardized names. The Lotus 123 spreadsheet version of the form has a list of standardized names. If your company's name is not in the list, enter a name in the space provided.

Line 6: File a separate form for each state in which you meet the filing threshold. In this line, indicate the state for which you are filing data. For this purpose, treat the District of Columbia, Puerto Rico, and the U.S. Virgin Islands as states. Voluntary submissions for American Samoa, Guam, and the Northern Mariana Islands may also be indicated on this line.

Line 7: Provide a contact name for the person who prepared this filing.

Line 8: Provide the telephone number and e-mail address for the contact person listed in Line 7.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477

Line 9: File a revised form if you discover mistakes. Use Line 9 to indicate whether this filing is an original or a revised filing.

Line 10: Indicate whether you request non-disclosure of some or all of the information reported in the Form 477. You may request non-disclosure if you believe that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the filer. Note that if you request non-disclosure of some or all of the data, you must also file a public version of the form with such information redacted, as explained below in Sections IV-B and IV-C of the instructions.

Line 11: If you requested non-disclosure in Line 10, indicate whether the file is your complete or redacted filing. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.

B. Part I: Broadband (Broadband Providers Only)

INCLUDE in Part I: In this section, broadband providers report information about their **full and one-way broadband lines/wireless channels** (for purposes of this section "lines") in service to end users. **Full broadband lines** are lines with information carrying capability in excess of 200 Kbps in both directions, simultaneously. **One-way broadband lines** are lines with information carrying capacity in excess of 200 Kbps in one direction (typically downstream) and less than or equal to 200 Kbps in the other direction (typically upstream). For purposes of this information collection, the information carrying capacity of a line or wireless circuit is the customer's authorized maximum usage ("speed") on that line or wireless circuit. Filers must report broadband lines that they provide over their own "local loop" facilities connecting to end users as well as those provided over UNEs, special access lines, and other leased lines that the filer obtains from another entity and equips as broadband.

EXCLUDE in Part I: Broadcast cable television service and other multi-channel video programming; video-on-demand type service unless it is bundled with Internet-type access or uses Internet-type delivery protocols; and channelized services which restrict the customer to both transmitting and receiving data at 200 Kbps or less. Exclude lines that connect two locations of the same customer (not to be reported anywhere on FCC Form 477) and special access and private line services that you believe are used for exchange telephone service (to be reported in Part II-C). Where a provider does not know whether a high capacity line or wireless channel is being used as a broadband line or as a telephone service line, it should report that line in Part II, on Line C.II-6. If you provide a line to another filer who is likely to include services provided over that line in its own report (for example, because the other filer equips the line or UNE as broadband), then that line should be reported in Part II-C of your filing.

Report broadband lines on Lines I-1 through I-8 based on the technology employed by the part of the line that actually connects to the end user's premises. If different technologies are used in different directions, then report the line based on the direction for which you provide the greatest bandwidth.

Lines

Important note about categorizing services to provide line counts: In general, a single service offering should be reported in only one part of the form by a single reporter. In categorizing lines, base your response on the portion of the line or channel that connects to the end user's premises and the type of service that is provided. **Count only lines that are in service**, including lines that you provide to end users and lines that you provide to companies that in turn use those lines to provide broadband or telephone service to end users.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477

Line A.I-1: Report the number of broadband lines/wireless channels used to provide asymmetric xDSL service.

Line A.I-2: Report the number of broadband lines/wireless channels provided over other traditional wireline facilities including symmetric xDSL service.

Line A.I-3: Report the number of broadband lines/wireless channels provided over coaxial carrier systems (including hybrid fiber-coaxial systems).

Line A.I-4: Report the number of broadband lines/wireless channels provided over optical carrier (fiber to the end user).

Line A.I-5: Report the number of broadband lines/wireless channels provided over satellite.

Line A.I-6: Report the number of broadband lines/wireless channels provided over terrestrial fixed wireless.

Line A.I-7: Report the number of broadband lines/wireless channels provided over terrestrial mobile wireless.

Line A.I-8: Report the number of broadband lines/wireless channels provided over all other technologies.

Columns

Note about Reporting Percentage Breakouts: Parts I, II, and III of Form 477 direct filers to provide percentages breakouts for specific line/wireless channel counts. If disaggregated counts exist for another purpose, then these must be used to calculate the requested percentage breakouts. However, filers are not expected to calculate percentages based on exhaustive counts performed solely for this task. Rather, where disaggregated counts do not exist, filers may provide good faith estimates of percentages based on the best information available to the filer. For example, if there is a pricing distinction between services provided to residential, small business and large business customers, then billing information should be used to estimate the percentage of lines provided to residential and small business customers. In the absence of such counts, however, filers should rely on studies done for other purposes, such as marketing and business plan information, demographic data, etc. A filer should conduct limited special studies only in the event that it cannot provide estimates that it reasonably expects to be accurate within plus or minus five percentage points.

Column (a): Report the number of total one-way and full-broadband lines/wireless channels in service that are used to provide service for each of the lines described above (Lines A.I-1 through A.I-8).

Column (b): Report the percentage of total lines from column (a) that are used by residential and small business customers (as opposed to large business, institutional, or other customers). In Part I, classify service provided to customers as residential and small business if they take broadband services normally associated with residential customers. Such lines could be classified as residential and small business based on marketing information, such as demographics associated with the geographic area where the lines are provided.

Column (c): Report the percentage of broadband lines and wireless channels from column (a) that are provided over your own **local loop** facilities connecting to the end user's premises. Count as your own

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such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). Do **not** include, in column (c), broadband lines that you provided over UNEs, special access lines, and other leased lines that you obtained from another entity and equipped as broadband.

Column (d): Report the percentage of total lines from column (a) that are provided – that is, billed – directly to end users by the filer. End users are residential, business, institutional and government customers who use the services for their own purposes and do not resell them to other entities. Classify lines/wireless channels as end-user lines if they are billed or marketed by your agents. For example, do not classify as end user, broadband lines/channels provided to Internet Service Providers that are incorporated into their premium Internet service options for provision to their end-user consumers.

Column (e): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 200 Kbps in both directions, simultaneously.

Column (f): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 2 Mbps in both directions, simultaneously. Note that every line reported in this column would, by definition, also be reported in column (e). Thus, column (f) should not contain a greater percentage than column (e).

C. Part II: Wireline and Fixed Wireless Local Telecommunications (Local Telephone Service Providers Only)

INCLUDE in Part II: Report all voice-grade equivalent local exchange service lines and all lines that are used for exchange access services that you do not report in Part I. Include lines you provide using wireline as well as fixed wireless technologies. Include lines (or wireless channels) that you reported as broadband in Part I, but that your customer can switch between broadband and local exchange or exchange access service without you changing how the line (or wireless channel) is provisioned.

EXCLUDE in Part II: Do not report in Part II lines not yet in service, lines used for interoffice trunking, lines that connect two locations of the same customer, company official lines, or lines that you provide as a broadband service reported in Part I. Do not report in Part II transport lines between your switching center and Internet protocol, ATM or circuit switched networks, where you already are reporting the portion of the line between the end user and your switching center, even if you multiplexed those lines and provided higher capacity lines between your switching center and those networks.

Note for reporting channelized service: In Part II-A and Part II-B, providers are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) Services Digital Network (ISDN) lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Lines reported in Part II, section C, however, should not be reported in voice-grade equivalents, but should reflect actual circuit counts.

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Note for competitive LECs providing local exchange service over hybrid fiber-coaxial cable television systems: If you cannot determine the number of lines from your records, you are permitted to report the number of subscribers.

Lines

Important note about categorizing services to provide line counts: see this note, above, at page 3.

In **Lines A.II-1** (service provided to end users) and **Lines B.II-2 through B.II-3** (service provided to other carriers), report voice-grade equivalent lines (or wireless channels) used to provide voice telephone service.

By "voice telephone service," we mean local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched network, whether used by the end user for voice telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment). Filers report voice telephone service in terms of voice-grade equivalent lines or wireless channels. Thus, a voice-grade equivalent line (or wireless channel) is a line or channel that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network. Voice-grade equivalent lines include high capacity lines that are channelized to provide voice-grade service. See "Note for reporting channelized service," above, at page 5.

Line A.II-1: Report total voice-grade equivalent lines/wireless channels you provided directly to end-user consumers. Include lines provided to end users by your agents or under traditional marketing arrangements. For example, include lines provided to shared tenant service providers.

Line B.II-2: Report total lines/wireless channels you provided to other communications carriers under a Total Service Resale arrangement (i.e., provided pursuant to section 251(c)(4) of the Communications Act of 1934, as amended).

Line B.II-3: Report total lines/wireless channels you provided to other communications carriers under other resale arrangements.

In **Lines C.II-4 through C.II-6**, report the actual number of lines billed to the customer. Note that in Line C.II-6, the customer may be either an end user or another telecommunications carrier. Do not convert high capacity lines into voice-grade equivalent counts. Include high capacity lines that would meet the definition of broadband, but that are provided to another entity who is likely to report as broadband any services provided over those lines.

Line C.II-4: Report lines/wireless channels that you provided under a UNE loop arrangement, where you do not provide switching for the line. Include the high frequency portion of the loop if sold as a UNE.

Line C.II-5: Report lines/wireless channels that you provided under a UNE loop arrangement, where you also provide switching for the line.

Line C.II-6: Report special access lines that you do not provide as broadband and private lines that connect an end-user premise to a telecommunications carrier and that you do not provide as broadband.

Line D.II-7: Report the total lines/wireless channels reported in Lines A.II-1, B.II-2, and B.II-3.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477**Columns**

Column (a): For **Lines A.II-1** (service provided to end users), **Lines B.II-2 through B.II-3** (service provided to other carriers), and **Line D.II-7** (total voice-grade equivalent lines in service), report voice-grade equivalent lines used to provide local exchange services. For **Lines C.II-4 through C.II-6** (UNEs, and special access and private lines not provided as broadband), report the number of lines or wireless channels (*i.e.*, **not** the voice-grade equivalent of those lines or wireless channels) that are used for exchange access services that you do not report in Part I.

Note: See note above, page 4, about reporting data on percentages.

Column (b): Report percentage of column (a) used for service billed to residential and small business customers. In Part II, classify lines provided to other carriers as residential and small business if the lines are ordered in quantities of fewer than four (4) voice-grade equivalent lines, if they are ordered as services rated as residential or small business, or based on marketing information, such as demographic information associated with the geographic areas where the lines are provided. Include as residential lines that you provide to a shared tenant service provider in an apartment building.

Column (c): Report percentage of lines and wireless channels in column (a) provided over your own **local loop** facilities connecting to the end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). Do **not** include, in column (c), lines provided over UNE loops that you obtained from another carrier.

Note for competitive LECs that own telephone switches: A competitive LEC should include, in column (c), a line for which it provided its own switching **only** if it also owned (as just discussed) the local loop connecting to the end user's premises.

Column (d): Report percentage of column (a) provided over UNE loops (including UNE loops obtained on a stand-alone basis and also UNE loops obtained in combination with other UNEs).

Column (e): In column (e), **incumbent LECs** should report the percentage of column (a) that they offered through switching centers in which another carrier had at least one operational collocation arrangement ("ILEC COLO switching center"). **Other reporting carriers** should report in column (e) the percentage of column (a) that they provided through use of a collocation arrangement. Thus, a competitive LEC that provided lines on a pure resale basis would report 0% in column (e), even if some of its resold lines were served from incumbent LEC switching centers in which some other entity had a collocation arrangement. Also, a competitive LEC would **not** report in column (e) any line served by means of a combination of UNEs (e.g., "UNE-Platform") that allows the competitive LEC to avoid using a collocation arrangement to serve that line. Therefore, a competitive LEC's entry in column (e) logically cannot be larger than its entry in column (d).

Note: For the purposes of completing Part II, an "ILEC COLO switching center" is an incumbent LEC switching center in which one or more competitive LECs has an operational collocation arrangement as defined in 47 C.F.R. §51.5. A switching center is a location containing one or more switches. Do not consider separate three-digit telephone prefixes as separate switching centers. Consider a remote as a separate switching center if a competing carrier could obtain a UNE loop **only** at the remote switch rather than at the host switch. This definition of a switching center is different from wire center based definitions of switching centers, which include all remote switch locations as switching centers. If collocation occurs

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only at a remote switch, treat all lines served at the remote as being provided at an ILEC COLO switching center and treat lines at the host switch as not being provided at an ILEC COLO switching center.

Column (f): For Line D.II-7, report percentage of column (a) carried over cable coaxial facilities used in the part of the line/wireless channel at the end user location.

Column (g): For Line D.II-7, report percentage of column (a) carried over fixed wireless facilities used in the part of the line/wireless channel at the end user location.

Column (h): For Line D.II-7, report percentage of column (a) carried over all other facilities, including but not limited to twisted copper pair, used in the part of the line/wireless channel at the end user location.

D. Part III: Mobile Local Telephone (Mobile Telephony Providers Only)

Line A. III-1: Report all mobile telephone subscribers served over your own facilities that give customers the ability to place or receive calls from the public switched telephone network. Include: satellite, cellular, and PCS telephone service & other terrestrial mobile services; and, units in service that combine voice telephone with other services. Report only mobile telephony subscribers that you serve using spectrum licenses you own or manage, and not subscribers that you serve via resale of another firm's facilities.

Note: Exclude mobile services that customers cannot use to directly place calls to subscribers of ordinary telephone service, such as dispatch services and one-way or two-way paging services. Also exclude voice services that permit communications between only a narrow range of locations such as automobile units that permit drivers to communicate only with a specific road service.

Column (a): Report the total number of subscribers, as described above, in the state. Count as a subscriber a mobile handset, car-phone or other activated voice unit that has a unique phone number and that can place and receive calls from the public switched network. Mobile telephony subscriber counts by state should be based on billing addresses, not area codes of telephone numbers provided to subscribers.

Column (b): Report the percentage of subscribers in column (a) that you bill directly to end users (as opposed to those units in service that were provided through resellers or distributors for pre-paid service).

E. Part IV: Explanations and Comments (All Filers, only if necessary)

Complete Part IV if you wish to furnish any explanatory information with your data. Filers should identify the Part and Line to which their comment applies in the columns provided.

F. Part V: Zip Code Listings (Broadband Providers and Local Telephone Service Providers)

Line V-1: Report the 5 digit Zip Codes -- for this state -- in which you provide service to end user locations.

Column (a): If you file broadband information in Part I, you must provide a list of Zip Codes in the state in which you provide broadband service.

Column (b): If you file local exchange service information in Part II, then you must provide a list of Zip Codes in the state in which you provide local exchange service. Providers of mobile

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telephony services need not provide this information.

Note: These Zip Code lists should correspond to areas in which service is actually being used by customers, including "point Zip Codes" (i.e., a Zip Code assigned to a particular customer). The list should not include authorized territory in which you have no customers in service, planned build-out, location of facilities, etc. The list can be based on engineering information (such as maps showing actual service territory) or on billing information, such as the Zip Codes of actual customers. If the latter approach is selected, please review the resulting list and delete any Zip Codes which clearly are out of your service territory and which appear only because the billing address is likely different from the service address.

IV. GENERAL INFORMATION

A. Where and When to File

1. When to File

Service providers that meet the reporting thresholds must file the FCC Form 477 semi-annually:

- March 1st of each year: providers must file data as of December 31 of the preceding year.
- September 1st of each year: providers must file data as of June 30 of the same year.

2. Where to File

All filers must mail the Certification Statement and 3.5 inch floppy diskette(s), or compact disk, containing your completed Form 477(s) to: Industry Analysis Division, Rm. 6-A220, 445 12th St., S.W., Washington, D.C. 20554. The Certification Statement is the single page that constitutes Section V of these Instructions.

B. How to File

1. Preparation of Data Files

You must file your local competition and broadband deployment data using the electronic version available at <http://www.fcc.gov/formpage.html> or by contacting International Transcription Services (ITS) at (202) 857-3800. Form 477 will change over time, so filers must obtain the latest version of this spreadsheet each filing period.

The electronic version of Form 477 is provided in two formats: Excel 97 and Lotus 123 Version 5. The Excel 97 version contains drop-down boxes and some edit checks. The Lotus version should be usable in most spreadsheet programs. **Once you complete a filing, rename the file in accordance with instructions provided below.** If you wish to assert confidentiality for any information provided in the filing, you must provide a redacted version of the file, renamed in accordance with the instructions provided below. If you do not provide a redacted version of the file using the proper file names, you risk having confidential information released.

Note: If you are required to complete a particular Part of Form 477, answer all the questions within that Part; if a particular question in that Part does not apply to you, enter the number "0" (zero) as your response. For non-zero entries, enter all digits of the number. You may not move cells, insert or delete rows, or change the validation or formatting characteristics of any cell. **If the FCC cannot load your files**

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into its databases as a result of modifications to the file, the file will be returned to you for correction and resubmission. When a filer submits multiple Form 477s, the filer may place multiple spreadsheet files on a single 3.5 inch IBM format floppy diskette, or on a compact disk. However, filers must save each Form 477 as a separate spreadsheet file. Do not submit multiple Form 477 worksheets within a single Excel 97 workbook or as multiple levels in a single Lotus file.

Each file name must adhere to the following convention:

SST#Hyearname.XLS or SST#Hyearname.WK4; where:

SS is the two letter post office abbreviation for the state.

T is a single character representing principal filing type. Since incumbent LEC (ILEC) data must be filed separately from non-ILEC data, this convention distinguishes the files. In addition, this character is used to distinguish refilled and redacted data. Use the following codes:

- A = original filing for non-ILEC operations
- B = original filing for ILEC operations
- C = original redacted filing for non-ILEC operations
- D = original redacted filing for ILEC operations
- E = revised filing for non-ILEC operations
- F = revised filing for ILEC operations
- G = revised redacted filing for non-ILEC operations
- H = revised redacted filing for ILEC operations

is a "sequence number" (i.e., 1, 2, 3, etc.) to be used to differentiate what would otherwise be identically named files when the file names are constructed according to the convention specified here. If no such redundancy of file names occurs, use the number "1" in place of the character "#".

H is the half of year, use:
 "J" for data as of June 30
 "D" for data as of December 31

year is the last two digits of the year in which the filing is being made (e.g., 2000 = 00).

name is the name identified on Line 2 of the Cover Page of Form 477. If you use software that limits file names to 8 characters plus a three character file extension, then use a one-character name abbreviation and identify that name in the Certification Statement.

Example: NCB1J00BellSouth.XLS

2. Additional Directions for Filing

Filers must mail the Certification Statement (which is the single page that constitutes Section V of these Instructions) and 3.5 inch floppy diskette(s), or compact disk, containing your completed Form 477(s) to: Industry Analysis Division, Rm. 6-A220, 445 12th St., S.W., Washington, D.C. 20554. **The Certification statement must be signed in ink by an officer of the filer of one of the legal entities whose data is included.** An officer is a person who occupies a position specified in the articles of incorporation (or

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partnership agreement), and would typically be president, vice president for operations, vice-president for finance, comptroller, treasurer or a comparable position. If the filer is a sole proprietorship, the owner must sign the certification.

C. Requesting Confidentiality

Some information from the FCC Form 477 may be made publicly available. Any respondent to this form may submit a request that information on the FCC Form 477 not be made routinely available for public inspection by so indicating on Line 10 of the form and on the Certification Statement. See also 47 C.F.R. §§0.457, 0.459, 1.7001(d), 43.11(c); *Examination of the Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, FCC 98-184 (rel. Aug. 4, 1998). Respondents seeking confidential treatment should provide a separate floppy diskette, or compact disk, containing a redacted version of all files. Note that these redacted files must be given different names from the complete filings, as specified above. Redacted data should be replaced with "xxxxxx" in the redacted data file.

D. Obligation to File Revisions

Filers must submit a revised form if the filer discovers a significant error in the data. For counts, a difference amounting to 5 percent of the filed number must be refiled. For percentages, a difference of 5 percentage points is significant and must be refiled.

Revisions should consist of a certification statement and one or more electronic files. Carriers should refile all data for a state if one or more data element must be revised. A refiled Form 477 spreadsheet should contain all appropriate data for the state, not just the corrected figures. Note that files containing revisions must be given different names from the original filings, as specified above, Section IV-B.1.

E. Compliance

Service providers that are required to file the Form 477 but fail to do so may be subject to the enforcement provisions of the Communications Act and any other applicable law.¹

¹ 47 U.S.C. §§ 502, 503.

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V. CERTIFICATION STATEMENT

**FCC Form 477 Local Competition and Broadband Reporting
CERTIFICATION STATEMENT**

Mail to Industry Analysis Division
Rm. 6-A220
445 12th St, SW
Washington, D.C. 20554

This filing is an (check one) ☐ original filing ☐ revised filing

Organization name: _____

Number of files provided for this reporting period: _____

Year (of the data): _____ Data as of: [Check one: June 30____; December 31 ____]

I certify that I am an officer of _____; that I have examined the information contained in the data files attached herein and that to the best of my knowledge, information and belief, all statements of fact contained in such files are true and that said files represent an accurate statement of the affairs of the above named respondent as of the following date:

If I have requested non-disclosure of some or all of the information in FCC Form 477 by so indicating on Line 10 of the form, I certify that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the respondent.

PRINTED NAME: _____

POSITION: _____

SIGNATURE: _____

DATE: _____

Persons making willful false statements in the report form can be punished by fine or imprisonment under the Communications Act, 47 U.S.C. 220(e).

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

FEDERAL COMMUNICATIONS COMMISSION

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477**VI. DISCLOSURE, PRIVACY ACT, PAPERWORK REDUCTION ACT NOTICE**

The Privacy Act of 1974 and the Paperwork Reduction Act of 1995 require that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law. See Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. § 552a (e)(3), and the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

Our legal right to ask for this information is sections 1.7000-1.7002, 20.15, 43.01, 43.11 of the Federal Communications Commission's rules require. 47 C.F.R. §§ 1.7000-1.7002, 20.15, 43.01, 43.11. Your response is mandatory.

This collection of information stems from the Commission's authority under Sections 4(i), 201, 218-220, 251-252, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 201, 218-220, 251-252, 303(r), 332, and 403, and section 706 of the Telecommunications Act of 1996. The data in the worksheet will be used to monitor the deployment of broadband services and the development of local telephone service competition. Selected information provided in the worksheet will be made available to the public in a manner consistent with the Commission's rules and orders.

We have estimated that each response to this collection of information will take, on average, 11 hours. Note that many companies will file multiple responses and that this estimated average reflects the fact that many companies will be required to file only a single service count that should be readily available from internal company records. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, enter the data in a Form 477 spreadsheet, prepare a floppy diskette, or compact disk, and certification for each state, and actually file the report. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PER, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please **DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS**.

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0816.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your filing may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

Reporting entities failing to file the worksheet in a timely fashion may be subject to penalties under the Communications Act, including Sections 502 and 503 (b).

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 9/1/01)

FCC Form 477, Instructions for September 1, 2001 Filing (of data as of 6/30/01)

OMB NO: 3060-0816; Expiration Date: 11/30/2003

Estimated Average Burden Hours Per Response: 11 Hours

Instructions for the Local Competition and Broadband Reporting Form (FCC Form 477)

I. PURPOSE

The FCC Form 477 collects information on the deployment of broadband, local telephone and mobile telephony services from providers of these services. Data obtained from this form will be used to describe competition for local telecommunications services and deployment of broadband services. *See Local Competition and Broadband Reporting*, Order, FCC 00-114 (rel. March 30, 2000) for additional information about this collection.

II. WHO MUST FILE THIS FORM?

Three types of communications service providers must file this form:

• **Providers of Broadband Services:**

Facilities-based providers of broadband services (including incumbent and competitive LECs, cable companies, fixed wireless providers, terrestrial and satellite mobile wireless providers, MMDS providers, utilities, and others) must complete and file the applicable portions of this form for **each state** in which they provide **250 or more** "full or one-way broadband" lines (or wireless channels) or provide "full or one-way broadband" service to **250 or more** end user consumers. The applicable portions of the form are: 1) the Cover Page; 2) Part I; 3) Part IV (if necessary); and Part V.

Note: an entity is considered a "facilities-based broadband provider" if it provides broadband services over facilities that it owns or provisions/equips as broadband. More specifically, "facilities-based providers" include entities that provide broadband services over their own "local loop" facilities connecting to end users, or over unbundled network elements (UNEs), special access lines, and other leased lines and wireless channels that they obtain from other entities and equip as broadband.

• **Providers of Local Telephone Services:**

Incumbent and competitive local exchange carriers (LECs) must complete and file the applicable portions of the form for **each state** in which they provide **10,000 or more** "voice-grade equivalent lines (or wireless channels)." For purposes of this threshold, filers need only consider the number of voice-grade equivalent lines (or wireless channels) that would be reported in Line D.II-7(a) of the form. The applicable portions of the form are: 1) the Cover Page; 2) Part II; 3) Part IV (if necessary); and Part V.

• **Providers of Mobile Telephony Services:**

Facilities-based providers of mobile telephony services (see 47 C.F.R. 20.15(b)(1)) must complete and file the applicable portions of this form for **each state** in which they serve **10,000 or more** mobile telephony subscribers. Firms providing mobile telephony services using

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Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 9/1/01)

spectrum obtained via lease or other agreement with a Band Manager must also complete the applicable portions of this form. The applicable portions of the form are: 1) the Cover Page; 2) Part III; 3) Part IV (if necessary).

Note: Mobile telephony is defined as real-time, two-way switched voice service that is interconnected with the public switched network using an in-network switching facility that enables the provider to reuse frequencies and accomplish seamless handoff of subscriber calls.

Important Note for All Providers about Calculating Reporting Thresholds: Reporting thresholds are calculated based collectively on all commonly-owned and commonly-controlled affiliates operating in a given state. [See 47 U.S.C. § 153(1) (establishing a 10% equity interest as indicia of ownership).] That is, a provider must report for each state in which it and all affiliates collectively meet reporting thresholds. Such affiliates are, nevertheless, permitted to file forms for such states either combined or separately -- at their discretion.

III. LINE-BY-LINE INSTRUCTIONS FOR COMPLETING FORM FCC 477

A. Cover Page -- Name and Contact Information (All Filers)

Line 1: Select from the drop-down menu the applicable filing status.

Line 2: Provide the name of the entity whose data is contained in the form.

Line 3: Select the category that best describes the type of technology that you use to provide services. Choose from Cable Coaxial, Fiber, Fixed Wireless, Mobile Wireless, Reseller, Satellite, Wireline Local Exchange Carrier, or Other.

Line 4: In general, you can combine operations in a state or report them separately. However, entities that are, or are affiliated with, an incumbent LEC must complete and file separate forms for their incumbent LEC and non-incumbent LEC operations. All filers should indicate whether this filing is for an incumbent LEC filing or a non-incumbent LEC filing.

Line 5: You must provide a single name, such as a holding company name, so that all affiliated or commonly operated companies can be identified. See "Important Note for All Providers about Calculating Reporting Thresholds," above, for more information on which companies should be considered to be affiliated or commonly-controlled. The Excel 97 spreadsheet version of the form (preferred) has a drop down box with standardized names. The Lotus 123 spreadsheet version of the form has a list of standardized names. If your company's name is not in the list, enter a name in the space provided.

Line 6: File a separate form for each state in which you meet the filing threshold. In this line, indicate the state for which you are filing data. For this purpose, treat the District of Columbia, Puerto Rico, and the U.S. Virgin Islands as states. Voluntary submissions for American Samoa, Guam, and the Northern Mariana Islands may also be indicated on this line.

Line 7: Provide a contact name for the person who prepared this filing.

Line 8: Provide the telephone number and e-mail address for the contact person listed in Line 7.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 9/1/01)

Line 9: File a revised form if you discover mistakes. Use Line 9 to indicate whether this filing is an original or a revised filing.

Line 10: Indicate whether you request non-disclosure of some or all of the information reported in the Form 477. You may request non-disclosure if you believe that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the filer. Note that if you request non-disclosure of some or all of the data, you must also file a public version of the form with such information redacted, as explained below in Sections IV-B and IV-C of the instructions.

Line 11: If you requested non-disclosure in Line 10, indicate whether the file is your complete or redacted filing. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.

B. Part I: Broadband (Broadband Providers Only)

INCLUDE in Part I: In this section, broadband providers report information about their **full and one-way broadband lines/wireless channels** (for purposes of this section "lines") in service to end users. **Full broadband lines** are lines with information carrying capability in excess of 200 Kbps in both directions, simultaneously. **One-way broadband lines** are lines with information carrying capacity in excess of 200 Kbps in one direction (typically downstream) and less than or equal to 200 Kbps in the other direction (typically upstream). For purposes of this information collection, the information carrying capacity of a line or wireless circuit is the customer's authorized maximum usage ("speed") on that line or wireless circuit. Filers must report broadband lines that they provide over their own "local loop" facilities connecting to end users as well as those provided over UNEs, special access lines, and other leased lines that the filer obtains from another entity and equips as broadband. **Do not** convert into voice-grade-equivalent measures any lines reported in **Part I**.

EXCLUDE in Part I: Broadcast cable television service and other multi-channel video programming; video-on-demand type service unless it is bundled with Internet-type access or uses Internet-type delivery protocols; and channelized services which restrict the customer to both transmitting and receiving data at 200 Kbps or less. Exclude lines that connect two locations of the same customer (not to be reported anywhere on FCC Form 477) and special access and private line services that you believe are used for exchange telephone service (to be reported in Part II-C). Where a provider does not know whether a high capacity line or wireless channel is being used as a broadband line or as a telephone service line, it should report that line in Part II, on Line C.II-6. If you provide a line to another filer who is likely to include services provided over that line in its own report (for example, because the other filer equips the line or UNE as broadband), then that line should be reported in Part II-C of your filing.

Report broadband lines on Lines I-1 through I-8 based on the technology employed by the part of the line that actually connects to the end user's premises. If different technologies are used in different directions, then report the line based on the direction for which you provide the greatest bandwidth.

Lines

Important note about categorizing services to provide line counts: In general, a single service offering should be reported in only one part of the form by a single reporter. In categorizing lines, base your response on the portion of the line or channel that connects to the end user's premises and the type of service that is provided. **Count only lines that are in service**, including lines that you provide to end

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users and lines that you provide to companies that in turn use those lines to provide broadband or telephone service to end users.

Line A.I-1: Report the number of broadband lines/wireless channels used to provide asymmetric xDSL service. **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-2: Report the number of broadband lines/wireless channels provided over other traditional wireline facilities including symmetric xDSL service. **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-3: Report the number of broadband lines/wireless channels provided over coaxial carrier systems (including hybrid fiber-coaxial systems). **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-4: Report the number of broadband lines/wireless channels provided over optical carrier terminations **at the end-user premises**. Note that broadband lines that are provisioned over optical fiber facilities elsewhere in the network should not be reported in this category. For example, lines provisioned as "fiber to the curb" do not qualify (because, by using a non-fiber "drop," they are not "fiber to the home.") **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-5: Report the number of broadband lines/wireless channels provided over satellite. **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-6: Report the number of broadband lines/wireless channels provided over terrestrial fixed wireless. **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-7: Report the number of broadband lines/wireless channels provided over terrestrial mobile wireless. **Do not** convert these lines into a voice-grade-equivalent measure.

Line A.I-8: Report the number of broadband lines/wireless channels provided over all other technologies. **Do not** convert these lines into a voice-grade-equivalent measure.

Columns

Note about Reporting Percentage Breakouts: Parts I, II, and III of Form 477 direct filers to provide percentages breakouts for specific line/wireless channel counts. If disaggregated counts exist for another purpose, then these must be used to calculate the requested percentage breakouts. However, filers are not expected to calculate percentages based on exhaustive counts performed solely for this task. Rather, where disaggregated counts do not exist, filers may provide good faith estimates of percentages based on the best information available to the filer. For example, if there is a pricing distinction between services provided to residential, small business and large business customers, then billing information should be used to estimate the percentage of lines provided to residential and small business customers. In the absence of such counts, however, filers should rely on studies done for other purposes, such as marketing and business plan information, demographic data, etc. A filer should conduct limited special studies only in the event that it cannot provide estimates that it reasonably expects to be accurate within plus or minus five percentage points.

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Column (a): Report the number of total one-way and full-broadband lines/wireless channels in service that are used to provide service for each of the lines described above (Lines A.I-1 through A.I-8).

Column (b): Report the percentage of total lines from column (a) that are used by residential and small business customers (as opposed to large business, institutional, or other customers). In Part I, classify service provided to customers as residential and small business if they take broadband services normally associated with residential customers. Such lines could be classified as residential and small business based on marketing information, such as demographics associated with the geographic area where the lines are provided.

Column (c): Report the percentage of broadband lines and wireless channels from column (a) that are provided over your own **local loop** facilities connecting to the end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). Do **not** include, in column (c), broadband lines that you provided over UNEs, special access lines, and other leased lines that you obtained from another entity and equipped as broadband.

Column (d): Report the percentage of total lines from column (a) that are provided – that is, billed – directly to end users by the filer. End users are residential, business, institutional and government customers who use the services for their own purposes and do not resell them to other entities. Classify lines/wireless channels as end-user lines if they are billed or marketed by your agents. For example, do not classify as end user, broadband lines/channels provided to Internet Service Providers that are incorporated into their premium Internet service options for provision to their end-user consumers.

Column (e): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 200 Kbps in both directions, simultaneously.

Column (f): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 2 Mbps in both directions, simultaneously. Note that every line reported in this column would, by definition, also be reported in column (e). Thus, column (f) should not contain a greater percentage than column (e).

C. Part II: Wireline and Fixed Wireless Local Telecommunications (Local Telephone Service Providers Only)

INCLUDE in Part II: Report all **local exchange service lines** and all lines that are used for exchange access services that you do not report in Part I. Include lines you provide using wireline as well as fixed wireless technologies. Include any lines (or wireless channels) that you reported as broadband in Part I, but that your customer can switch between broadband and local exchange or exchange access service without you changing how the line (or wireless channel) is provisioned. See “Note for reporting channelized service” and definition of “voice telephone service,” below, at page 6.

EXCLUDE in Part II: Do not report in Part II lines not yet in service, lines used for interoffice trunking, lines that connect two locations of the same customer, company official lines, or lines that you provide as a broadband service reported in Part I. Do not report in Part II transport lines between your switching center and Internet protocol, ATM or circuit switched networks, where you already are reporting the portion of the line between the end user and your switching center, even if you multiplexed those lines and provided higher capacity lines between your switching center and those networks.

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Note for reporting channelized service: In Part II-A and Part II-B, providers are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) Services Digital Network (ISDN) lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Lines reported in Part II-C, however, should **not** be reported in voice-grade equivalents, but should reflect actual circuit counts.

Note for competitive LECs providing local exchange service over hybrid fiber-coaxial cable television systems: If you cannot determine the number of lines from your records, you are permitted to report the number of subscribers.

Lines

Important note about categorizing services to provide line counts: see this note, above, at page 3.

In **Lines A.II-1** (service provided to end users) and **Lines B.II-2 through B.II-3** (service provided to other carriers), report voice-grade equivalent lines (or wireless channels) used to provide voice telephone service. By “**voice telephone service**,” we mean local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched network, whether used by the end user for voice telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment). Filers report voice telephone service in terms of voice-grade equivalent lines or wireless channels. Thus, a voice-grade equivalent line (or wireless channel) is a line or channel that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network. Voice-grade equivalent lines include high capacity lines that are channelized to provide voice-grade service. See “Note for reporting channelized service,” above.

Line A.II-1: Report total voice-grade equivalent lines/wireless channels you provided directly to end-user consumers. Include lines provided to end users by your agents or under traditional marketing arrangements. For example, include lines provided to shared tenant service providers.

Line B.II-2: Report total voice-grade equivalent lines/wireless channels you provided to other communications carriers under a Total Service Resale arrangement (i.e., provided pursuant to section 251(c)(4) of the Communications Act of 1934, as amended).

Line B.II-3: Report total voice-grade equivalent lines/wireless channels you provided to other communications carriers under other resale arrangements.

In **Lines C.II-4 through C.II-6**, report the actual number of lines billed to the customer (i.e., reflecting actual circuit counts). **Do not** convert into voice-grade equivalent measures any high capacity lines reported on Lines C.II-4 through C.II-6. As noted in the instructions for Part I, where a provider does not know whether a high capacity line or wireless channel is being used as a broadband line or as a telephone service line, it should report that line on Line C.II-6, rather than in Part I of its filing. Also, if you provide a line to another filer who is likely to include broadband services provided over that line in its own report (for example, because the other filer equips the line or UNE as broadband), then that line

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should be reported in Part II-C of your filing, not in Part I.

Line C.II-4: Report lines/wireless channels that you provided to a telecommunications carrier under a UNE loop arrangement, where you do **not** provide switching for the line. Include the high frequency portion of the loop if sold as a UNE. **Do not** convert any high capacity lines provided under such UNE arrangements into voice-grade equivalent measures.

Line C.II-5: Report lines/wireless channels that you provided to a telecommunications carrier under a UNE loop arrangement, where you **also** provide switching for the line. (Note that the so-called "UNE-Platform" provided to telecommunications carriers is included here.) **Do not** convert any high capacity lines provided under such UNE arrangements into voice-grade equivalent measures.

Line C.II-6: Report special access lines that you do not provide as broadband. Also report private lines that connect an end-user premise to a telecommunications carrier and that you do not provide as broadband. Note that for lines reported on Line C.II-6, your customer may be either an end user or another telecommunications carrier. **Do not** convert lines reported on Line C.II-6 into voice-grade equivalent measures.

Line D.II-7: Report the total of the (voice-grade equivalent) lines/wireless channels reported in Lines A.II-1, B.II-2, and B.II-3.

Columns

Column (a): For **Lines A.II-1** (service provided to end users), **Lines B.II-2 through B.II-3** (service provided to other carriers), and **Line D.II-7** (total voice-grade equivalent lines in service), report voice-grade equivalent lines used to provide local exchange services. For **Lines C.II-4 through C.II-6** (UNEs, and special access and private lines not provided as broadband), report the number of lines or wireless channels (*i.e.*, **not** the voice-grade equivalent of those lines or wireless channels) that are used for local exchange or exchange access services that you do not report in Part I.

Note: See note above, page 4, about reporting data on percentages.

Column (b): Report percentage of column (a) used for service billed to residential and small business customers. In Part II, classify lines provided to other carriers as residential and small business if the lines are ordered in quantities of fewer than four (4) voice-grade equivalent lines, if they are ordered as services rated as residential or small business, or based on marketing information, such as demographic information associated with the geographic areas where the lines are provided. Include as residential lines that you provide to a shared tenant service provider in an apartment building.

Column (c): Report percentage of lines and wireless channels in column (a) provided over your own **local loop** facilities connecting to the end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). **Do not** include, in column (c), lines provided over UNE loops that you obtained from another carrier.

Note for competitive LECs that own telephone switches: A competitive LEC should include, in column (c), a line for which it provided its own switching **only** if it also owned (as just discussed) the local loop connecting to the end user's premises.

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Column (d): Report percentage of column (a) provided over UNE loops, including UNE loops obtained on a stand-alone basis and also UNE loops obtained in combination with other UNEs (such as the UNE-Platform).

Column (e): In column (e), incumbent LECs should report the percentage of column (a) that they provided through switching centers in which another carrier had at least one operational collocation arrangement ("ILEC COLO switching center"). Other reporting carriers should report in column (e) the percentage of column (a) that the reporting carrier provided by means of a UNE loop that it obtained from another telecommunications carrier and connected to its own collocation arrangement. Note, in particular, that a competitive LEC therefore would **not** report in column (e) lines it served by means of the UNE-Platform. Note also that a competitive LEC providing lines on a pure resale basis would report 0% in column (e), even if some of its resold lines were served from incumbent LEC switching centers in which some other entity had a collocation arrangement.

Note: For the purposes of completing Part II, an "ILEC COLO switching center" is an incumbent LEC switching center in which one or more competitive LECs has an operational collocation arrangement as defined in 47 C.F.R. §51.5. A switching center is a location containing one or more switches. Do not consider separate three-digit telephone prefixes as separate switching centers. Consider a remote as a separate switching center if a competing carrier could obtain a UNE loop **only** at the remote switch rather than at the host switch. This definition of a switching center is different from wire center based definitions of switching centers, which include all remote switch locations as switching centers. If collocation occurs only at a remote switch, treat all lines served at the remote as being provided at an ILEC COLO switching center and treat lines at the host switch as not being provided at an ILEC COLO switching center.

Column (f): For Line D.II-7, report percentage of column (a) carried over coaxial cable facilities used in the part of the line/wireless channel at the end user location.

Column (g): For Line D.II-7, report percentage of column (a) carried over fixed wireless facilities used in the part of the line/wireless channel at the end user location.

Column (h): For Line D.II-7, report percentage of column (a) carried over all other facilities, including but not limited to twisted copper pair, used in the part of the line/wireless channel at the end user location.

D. Part III: Mobile Local Telephone (Mobile Telephony Providers Only)

Line A. III-1: Report all mobile telephone subscribers served over your own facilities that give customers the ability to place or receive calls from the public switched telephone network. Include: satellite, cellular, and PCS telephone service & other terrestrial mobile services; and, units in service that combine voice telephone with other services. Report only mobile telephony subscribers that you serve using spectrum licenses you own or manage, and not subscribers that you serve via resale of another firm's facilities.

Note: Exclude mobile services that customers cannot use to directly place calls to subscribers of ordinary telephone service, such as dispatch services and one-way or two-way paging services. Also exclude voice services that permit communications between only a narrow range of locations such as automobile units that permit drivers to communicate only with a specific road service.

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Column (a): Report the total number of subscribers, as described above, in the state. Count as a subscriber a mobile handset, car-phone or other activated voice unit that has a unique phone number and that can place and receive calls from the public switched network. Mobile telephony subscriber counts by state should be based on billing addresses, not area codes of telephone numbers provided to subscribers.

Column (b): Report the percentage of subscribers in column (a) that you bill directly to end users (as opposed to those units in service that were provided through resellers or distributors for pre-paid service).

E. Part IV: Explanations and Comments (All Filers, only if necessary)

Complete Part IV if you wish to furnish any explanatory information with your data. Filers should identify the Part and Line to which their comment applies in the columns provided.

F. Part V: Zip Code Listings (Broadband Providers and Local Telephone Service Providers)

Line V-1: Report the 5 digit Zip Codes -- for this state -- in which you provide service to end user locations.

Column (a): If you file broadband information in Part I, you must provide a list of Zip Codes in the state in which you provide broadband service.

Column (b): If you file local exchange service information in Part II, then you must provide a list of Zip Codes in the state in which you provide local exchange service. Providers of mobile telephony services need not provide this information.

Note: These Zip Code lists should correspond to areas in which service is actually being used by customers, including "point Zip Codes" (i.e., a Zip Code assigned to a particular customer). The list should not include authorized territory in which you have no customers in service, planned build-out, location of facilities, etc. The list can be based on engineering information (such as maps showing actual service territory) or on billing information, such as the Zip Codes of actual customers. If the latter approach is selected, please review the resulting list and delete any Zip Codes which clearly are out of your service territory and which appear only because the billing address is likely different from the service address.

IV. GENERAL INFORMATION

A. Where and When to File

1. When to File

Service providers that meet the reporting thresholds must file the FCC Form 477 semi-annually:

- March 1st of each year: providers must file data as of December 31 of the preceding year.
- September 1st of each year: providers must file data as of June 30 of the same year.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 9/1/01)**2. Where to File**

All filers must mail the Certification Statement and 3.5 inch floppy diskette(s), or compact disk, containing your completed Form 477(s) to: Industry Analysis Division, Rm. 6-A220, 445 12th St., S.W., Washington, D.C. 20554. The Certification Statement is the single page that constitutes Section V of these Instructions.

B. How to File**1. Preparation of Data Files**

You must file your local competition and broadband deployment data using the electronic version available at <http://www.fcc.gov/formpage.html> or by contacting International Transcription Services (ITS) at (202) 857-3800. Form 477 will change over time, so filers must obtain the latest version of this spreadsheet each filing period.

The electronic version of Form 477 is provided in two formats: Excel 97 and Lotus 123 Version 5. The Excel 97 version contains drop-down boxes and some edit checks. The Lotus version should be usable in most spreadsheet programs. **Once you complete a filing, rename the file in accordance with instructions provided below.** If you wish to assert confidentiality for any information provided in the filing, you must provide a redacted version of the file, renamed in accordance with the instructions provided below. If you do not provide a redacted version of the file using the proper file names, you risk having confidential information released.

Note: If you are required to complete a particular Part of Form 477, answer all the questions within that Part; if a particular question in that Part does not apply to you, enter the number "0" (zero) as your response. For non-zero entries, enter all digits of the number. You may not move cells, insert or delete rows, or change the validation or formatting characteristics of any cell. **If the FCC cannot load your files into its databases as a result of modifications to the file, the file will be returned to you for correction and resubmission.** When a filer submits multiple Form 477s, the filer may place multiple spreadsheet files on a single 3.5 inch IBM format floppy diskette, or on a compact disk. However, filers must save each Form 477 as a separate spreadsheet file. Do not submit multiple Form 477 worksheets within a single Excel 97 workbook or as multiple levels in a single Lotus file.

Each file name must adhere to the following convention:

SST#Hyearname.XLS or SST#Hyearname.WK4; where:

SS is the two letter post office abbreviation for the state.

T is a single character representing principal filing type. Since incumbent LEC (ILEC) data must be filed separately from non-ILEC data, this convention distinguishes the files. In addition, this character is used to distinguish refilled and redacted data. Use the following codes:

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- A = original filing for non-ILEC operations
- B = original filing for ILEC operations
- C = original redacted filing for non-ILEC operations
- D = original redacted filing for ILEC operations
- E = revised filing for non-ILEC operations
- F = revised filing for ILEC operations
- G = revised redacted filing for non-ILEC operations
- H = revised redacted filing for ILEC operations

is a "sequence number" (i.e., 1, 2, 3, etc.) to be used to differentiate what would otherwise be identically named files when the file names are constructed according to the convention specified here. If no such redundancy of file names occurs, use the number "1" in place of the character "#".

H is the half of the year of the data being filed. Use:
 "J" for data as of June 30
 "D" for data as of December 31

year is the last two digits of the year of the data being filed (e.g., for the filing due September 1, 2001, reported data will be as of June 30, 2001, so 2001 = 01).

name is the name identified on Line 2 of the Cover Page of Form 477. If you use software that limits file names to 8 characters plus a three character file extension, then use a one-character name abbreviation and identify that name in the Certification Statement.

Example: NCB1J01BellSouth.XLS or NCB1J01BellSouth.WK4

2. Additional Directions for Filing

Filers **must** mail the Certification Statement (which is the single page that constitutes Section V of these Instructions) and 3.5 inch floppy diskette(s), or compact disk, containing your completed Form 477(s) to: Industry Analysis Division, Rm. 6-A220, 445 12th St., S.W., Washington, D.C. 20554. **The Certification statement must be signed in ink by an officer of the filer of one of the legal entities whose data is included.** An officer is a person who occupies a position specified in the articles of incorporation (or partnership agreement), and would typically be president, vice president for operations, vice-president for finance, comptroller, treasurer or a comparable position. If the filer is a sole proprietorship, the owner must sign the certification.

C. Requesting Confidentiality

Some information from the FCC Form 477 may be made publicly available. Any respondent to this form may submit a request that information on the FCC Form 477 not be made routinely available for public inspection by so indicating on Line 10 of the form and on the Certification Statement. See also 47 C.F.R. §§0.457, 0.459, 1.7001(d), 43.11(c); *Examination of the Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, FCC 98-184 (rel. Aug. 4, 1998). Respondents seeking confidential treatment should provide a separate floppy diskette, or compact disk, containing a redacted version of all files. Note that these redacted files must be given different names from the complete filings, as specified above. Redacted data should be replaced with "xxxxxx" (note: enter

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precisely six x's) in the redacted data file.

D. Obligation to File Revisions

Filers must submit a revised form if the filer discovers a significant error in the data. For counts, a difference amounting to 5 percent of the filed number must be refiled. For percentages, a difference of 5 percentage points is significant and must be refiled.

Revisions should consist of a certification statement and one or more electronic files. Carriers should refile all data for a state if one or more data element must be revised. A refiled Form 477 spreadsheet should contain all appropriate data for the state, not just the corrected figures. Note that files containing revisions must be given different names from the original filings, as specified above, Section IV-B.1.

E. Compliance

Service providers that are required to file the Form 477 but fail to do so may be subject to the enforcement provisions of the Communications Act and any other applicable law.¹

¹ 47 U.S.C. §§ 502, 503.

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V. CERTIFICATION STATEMENT

**FCC Form 477 Local Competition and Broadband Reporting
CERTIFICATION STATEMENT**

Mail to Industry Analysis Division
Rm. 6-A220
445 12th St, SW
Washington, D.C. 20554

This filing is an (check one) ☐ original filing ☐ revised filing

Organization name: _____

Number of files provided for this reporting period: _____

Year (of the data): _____ Data as of: [Check one: June 30 ☐; December 31 ☐]

I certify that I am an officer of _____; that I have examined the information contained in the data files attached herein and that to the best of my knowledge, information and belief, all statements of fact contained in such files are true and that said files represent an accurate statement of the affairs of the above named respondent as of the following date:

If I have requested non-disclosure of some or all of the information in FCC Form 477 by so indicating on Line 10 of the form, I certify that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the respondent.

PRINTED NAME: _____

POSITION: _____

SIGNATURE: _____

DATE: _____

Persons making willful false statements in the report form can be punished by fine or imprisonment under the Communications Act, 47 U.S.C. 220(e).

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

FEDERAL COMMUNICATIONS COMMISSION

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 9/1/01)**VI. DISCLOSURE, PRIVACY ACT, PAPERWORK REDUCTION ACT NOTICE**

The Privacy Act of 1974 and the Paperwork Reduction Act of 1995 require that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law. See Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. § 552a (e)(3), and the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

Our legal right to ask for this information is sections 1.7000-1.7002, 20.15, 43.01, 43.11 of the Federal Communications Commission's rules require. 47 C.F.R. §§ 1.7000-1.7002, 20.15, 43.01, 43.11. Your response is mandatory.

This collection of information stems from the Commission's authority under Sections 4(i), 201, 218-220, 251-252, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 201, 218-220, 251-252, 303(r), 332, and 403, and section 706 of the Telecommunications Act of 1996. The data in the worksheet will be used to monitor the deployment of broadband services and the development of local telephone service competition. Selected information provided in the worksheet will be made available to the public in a manner consistent with the Commission's rules and orders.

We have estimated that each response to this collection of information will take, on average, 11 hours. Note that many companies will file multiple responses and that this estimated average reflects the fact that many companies will be required to file only a single service count that should be readily available from internal company records. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, enter the data in a Form 477 spreadsheet, prepare a floppy diskette, or compact disk, and certification for each state, and actually file the report. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, D.C. 20554, Paperwork Reduction Project (3060-0855). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please **DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.**

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0816.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your filing may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

Reporting entities failing to file the worksheet in a timely fashion may be subject to penalties under the Communications Act, including Sections 502 and 503 (b).

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 3/1/02)

FCC Form 477, Instructions for March 1, 2002 Filing (of data as of 12/31/01)
OMB NO: 3060-0816; Expiration Date: 11/30/2003
Estimated Average Burden Hours Per Response: 11 Hours

Instructions for the Local Competition and Broadband Reporting Form (FCC Form 477)

I. PURPOSE

The FCC Form 477 collects information on the deployment of broadband, local telephone and mobile telephony services from providers of these services. Data obtained from this form will be used to describe competition for local telecommunications services and deployment of broadband services. *See Local Competition and Broadband Reporting*, Order, FCC 00-114 (rel. March 30, 2000) for additional information about this collection.

II. WHO MUST FILE THIS FORM?

Three types of communications service providers must file this form:

• **Providers of Broadband Services:**

Facilities-based providers of broadband services (including incumbent and competitive LECs, cable companies, fixed wireless providers, terrestrial and satellite mobile wireless providers, MMDS providers, utilities, and others) must complete and file the applicable portions of this form for **each state** in which they provide **250 or more** "full or one-way broadband" lines (or wireless channels) or provide "full or one-way broadband" service to **250 or more** end user consumers. The applicable portions of the form are: 1) the Cover Page; 2) Part I; 3) Part IV (if necessary); and Part V. The term "state" includes the District of Columbia and the "Territories and possessions."

Note: an entity is considered a "facilities-based broadband provider" if it provides broadband services over facilities that it owns or provisions/equips as broadband. More specifically, "facilities-based providers" include entities that provide broadband services over their own "local loop" facilities connecting to end users, or over unbundled network elements (UNEs), special access lines, and other leased lines and wireless channels that they obtain from other entities and equip as broadband.

• **Providers of Local Telephone Services:**

Incumbent and competitive local exchange carriers (LECs) must complete and file the applicable portions of the form for **each state** in which they provide **10,000 or more** "voice-grade equivalent lines (or wireless channels)." For purposes of this threshold, filers need only consider the number of voice-grade equivalent lines (or wireless channels) that would be reported in Line D.II-7(a) of the form. The applicable portions of the form are: 1) the Cover Page; 2) Part II; 3) Part IV (if necessary); and Part V.

• **Providers of Mobile Telephony Services:**

Facilities-based providers of mobile telephony services (*see* 47 C.F.R. 20.15(b)(1)) must complete and file the applicable portions of this form for **each state** in which they serve **10,000 or more** mobile telephony subscribers. Firms providing mobile telephony services using spectrum obtained

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via lease or other agreement with a Band Manager must also complete the applicable portions of this form. The applicable portions of the form are: 1) the Cover Page; 2) Part III; 3) Part IV (if necessary).

Note: Mobile telephony is defined as real-time, two-way switched voice service that is interconnected with the public switched network using an in-network switching facility that enables the provider to reuse frequencies and accomplish seamless handoff of subscriber calls.

Important Note for All Providers about Calculating Reporting Thresholds: Reporting thresholds are calculated based collectively on all commonly-owned and commonly-controlled affiliates operating in a given state. [See 47 U.S.C. § 153(1) (establishing a 10% equity interest as indicia of ownership).] That is, a provider must report for each state in which it and all affiliates collectively meet reporting thresholds. Such affiliates are, nevertheless, permitted to file forms for such states either combined or separately -- at their discretion.

III. LINE-BY-LINE INSTRUCTIONS FOR COMPLETING FCC FORM 477

A. Cover Page -- Name and Contact Information (All Filers)

Line 1: Select from the drop-down menu the applicable filing status.

Line 2: Provide the name of the entity whose data is contained in the form.

Line 3: Select the category that best describes the type of technology that you use to provide services. Choose from Cable Coaxial, Fiber, Fixed Wireless, Mobile Wireless, Reseller, Satellite, Wireline Local Exchange Carrier, or Other.

Line 4: In general, you can combine operations in a state or report them separately. However, entities that are, or are affiliated with, an incumbent LEC must complete and file separate forms for their incumbent LEC and non-incumbent LEC operations. All filers should indicate whether this filing is for an incumbent LEC filing or a non-incumbent LEC filing.

Line 5: You must provide a single name, such as a holding company name, so that all affiliated or commonly operated companies can be identified. See "Important Note for All Providers about Calculating Reporting Thresholds," above, for more information on which companies should be considered to be affiliated or commonly-controlled. The Excel 97 spreadsheet version of the form (preferred) has a drop down box with standardized names. The Lotus 123 spreadsheet version of the form has a list of standardized names. If your company's name is not in the list, enter a name in the space provided.

Line 6: File a separate form for each state in which you meet the filing threshold. In this line, indicate the state for which you are filing data. The term "state" is defined to include the District of Columbia and the "Territories and possessions." See 47 U.S.C. § 153(40).

Line 7: Provide a contact name for the person who prepared this filing.

Line 8: Provide the telephone number and e-mail address for the contact person listed in Line 7.

Line 9: File a revised form if you discover mistakes. Use Line 9 to indicate whether this filing is an original or a revised filing.

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Line 10: Indicate whether you request non-disclosure of some or all of the information reported in the Form 477. You may request non-disclosure if you believe that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the filer. Note that if you request non-disclosure of some or all of the data, you must also file a public version of the form with such information redacted, as explained below in Sections IV-B and IV-C of the instructions.

Line 11: If you requested non-disclosure in Line 10, indicate whether the file is your complete or redacted filing. See Sections IV-B and IV-C of the instructions for information on preparing a redacted file.

B. Part I: Broadband (Broadband Providers Only)

INCLUDE in Part I: In this section, broadband providers report information about their **full and one-way broadband lines/wireless channels** (for purposes of this section "lines") in service to end users. **Full broadband lines** are lines with information carrying capability in excess of 200 Kbps in both directions, simultaneously. **One-way broadband lines** are lines with information carrying capacity in excess of 200 Kbps in one direction (typically downstream) and less than or equal to 200 Kbps in the other direction (typically upstream). For purposes of this information collection, the information carrying capacity of a line or wireless circuit is the customer's authorized maximum usage ("speed") on that line or wireless circuit. Filers must report broadband lines that they provide over their own "local loop" facilities connecting to end users as well as those provided over UNEs, special access lines, and other leased lines that the filer obtains from another entity and equips as broadband. **Do not** convert into voice-grade equivalent measures any lines reported in **Part I**.

EXCLUDE in Part I: Broadcast cable television service and other multi-channel video programming; video-on-demand type service unless it is bundled with Internet-type access or uses Internet-type delivery protocols; and channelized services which restrict the customer to both transmitting and receiving data at 200 Kbps or less. Exclude lines that connect two locations of the same customer (not to be reported anywhere on FCC Form 477) and special access and private line services that you believe are used for exchange telephone service (to be reported in Part II-C). Where a provider does not know whether a high capacity line or wireless channel is being used as a broadband line or as a telephone service line, it should report that line in Part II, on Line C.II-6. If you provide a line to another filer who is likely to include services provided over that line in its own report (for example, because the other filer equips the line or UNE as broadband), then that line should be reported in Part II-C of your filing.

Report broadband lines on Lines I-1 through I-8 based on the technology employed by the part of the line that actually connects to the end user's premises. If different technologies are used in different directions, then report the line based on the direction for which you provide the greatest bandwidth.

Lines

Important note about categorizing services to provide line counts: In general, a single service offering should be reported in only one part of the form by a single reporter. In categorizing lines, base your response on the portion of the line or channel that connects to the end user's premises and the type of service that is provided. **Count only lines that are in service**, including lines that you provide to end users and lines that you provide to companies that in turn use those lines to provide broadband or telephone service to end users.

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Line A.I-1: Report the number of broadband lines/wireless channels used to provide asymmetric xDSL service. **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-2: Report the number of broadband lines/wireless channels provided over other traditional wireline facilities including symmetric xDSL service. **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-3: Report the number of broadband lines/wireless channels provided over coaxial carrier systems (including hybrid fiber-coaxial systems). **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-4: Report the number of broadband lines/wireless channels provided over optical carrier terminations at the end-user premises. Note that broadband lines that are provisioned over optical fiber facilities elsewhere in the network should not be reported in this category. For example, lines provisioned as "fiber to the curb" do not qualify (because, by using a non-fiber "drop," they are not "fiber to the home.") **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-5: Report the number of broadband lines/wireless channels provided over satellite. **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-6: Report the number of broadband lines/wireless channels provided over terrestrial fixed wireless. **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-7: Report the number of broadband lines/wireless channels provided over terrestrial mobile wireless. **Do not** convert these lines into a voice-grade equivalent measure.

Line A.I-8: Report the number of broadband lines/wireless channels provided over all other technologies. **Do not** convert these lines into a voice-grade equivalent measure.

Columns

Note about Reporting Percentage Breakouts: Parts I, II, and III of Form 477 direct filers to provide percentages breakouts for specific line/wireless channel counts. If disaggregated counts exist for another purpose, then these must be used to calculate the requested percentage breakouts. However, filers are not expected to calculate percentages based on exhaustive counts performed solely for this task. Rather, where disaggregated counts do not exist, filers may provide good faith estimates of percentages based on the best information available to the filer. For example, if there is a pricing distinction between services provided to residential, small business and large business customers, then billing information should be used to estimate the percentage of lines provided to residential and small business customers. In the absence of such counts, however, filers should rely on studies done for other purposes, such as marketing and business plan information, demographic data, etc. A filer should conduct limited special studies only in the event that it cannot provide estimates that it reasonably expects to be accurate within plus or minus five percentage points.

Column (a): Report the number of total one-way and full-broadband lines/wireless channels in service that are used to provide service for each of the lines described above (Lines A.I-1 through A.I-8).

Column (b): Report the percentage of total lines from column (a) that are used by residential and small

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business customers (as opposed to large business, institutional, or other customers). In Part I, classify service provided to customers as residential and small business if they take broadband services normally associated with residential customers. Such lines could be classified as residential and small business based on marketing information, such as demographics associated with the geographic area where the lines are provided.

Column (c): Report the percentage of broadband lines and wireless channels from column (a) that are provided over your own **local loop** facilities connecting to the end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). Do **not** include, in column (c), broadband lines that you provided over UNEs, special access lines, and other leased lines that you obtained from another entity and equipped as broadband.

Column (d): Report the percentage of total lines from column (a) that are provided – that is, billed – directly to end users by the filer. End users are residential, business, institutional and government customers who use the services for their own purposes and do not resell them to other entities. Classify lines/wireless channels as end-user lines if they are billed or marketed by your agents. For example, do not classify as end user, broadband lines/channels provided to Internet Service Providers that are incorporated into their premium Internet service options for provision to their end-user consumers.

Column (e): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 200 Kbps in both directions, simultaneously.

Column (f): Report the percentage of total lines from column (a) that deliver to the end-user consumer greater than 2 Mbps in both directions, simultaneously. Note that every line reported in this column would, by definition, also be reported in column (e). Thus, column (f) should not contain a greater percentage than column (e).

C. Part II: Wireline and Fixed Wireless Local Telecommunications (Local Telephone Service Providers Only)

INCLUDE in Part II: Report all **local exchange service lines** and all lines that are used for exchange access services that you do not report in Part I. Include lines you provide using wireline as well as fixed wireless technologies. Include any lines (or wireless channels) that you reported as broadband in Part I, but that your customer can switch between broadband and local exchange or exchange access service without you changing how the line (or wireless channel) is provisioned. See "Note for reporting channelized service" and definition of "voice telephone service," below, at page 6.

EXCLUDE in Part II: Do not report in Part II lines not yet in service, lines used for interoffice trunking, lines that connect two locations of the same customer, company official lines, or lines that you provide as a broadband service reported in Part I. Do not report in Part II transport lines between your switching center and Internet protocol, ATM or circuit switched networks, where you already are reporting the portion of the line between the end user and your switching center, even if you multiplexed those lines and provided higher capacity lines between your switching center and those networks.

Note for reporting channelized service: In **Part II-A** and **Part II-B**, providers are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) Services Digital Network (ISDN) lines as two voice-grade equivalent lines. Report 8 voice-grade

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equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Lines reported in **Part II-C**, however, should **not** be reported in voice-grade equivalents, but should reflect actual circuit counts.

Note for competitive LECs providing local exchange service over hybrid fiber-coaxial cable television systems: If you cannot determine the number of lines from your records, you are permitted to report the number of subscribers.

Lines

Important note about categorizing services to provide line counts: *see* this note, above, at page 3.

In **Lines A.II-1** (service provided to end users) and **Lines B.II-2 through B.II-3** (service provided to other carriers), report voice-grade equivalent lines (or wireless channels) used to provide voice telephone service. By “voice telephone service,” we mean local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched network, whether used by the end user for voice telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment). Filers report voice telephone service in terms of voice-grade equivalent lines or wireless channels. Thus, a voice-grade equivalent line (or wireless channel) is a line or channel that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network. Voice-grade equivalent lines include high capacity lines that are channelized to provide voice-grade service. *See* “Note for reporting channelized service,” above.

Line A.II-1: Report total voice-grade equivalent lines/wireless channels you provided directly to end-user consumers. Include lines provided to end users by your agents or under traditional marketing arrangements. For example, include lines provided to shared-tenant service providers.

Line B.II-2: Report total voice-grade equivalent lines/wireless channels you provided to unaffiliated telecommunications carriers under a Total Service Resale arrangement (i.e., provided pursuant to section 251(c)(4) of the Communications Act of 1934, as amended).

Line B.II-3: Report total voice-grade equivalent lines/wireless channels you provided to unaffiliated telecommunications carriers under other resale arrangements.

In **Lines C.II-4 through C.II-6**, report the actual number of lines billed to the customer (i.e., reflecting actual circuit counts). **Do not** convert into voice-grade equivalent measures any high capacity lines reported on **Lines C.II-4 through C.II-6**. As noted in the instructions for Part I, where a provider does not know whether a high capacity line or wireless channel is being used as a broadband line or as a telephone service line, it should report that line on **Line C.II-6**, rather than in Part I of its filing. Also, if you provide a line to another filer who is likely to include broadband services provided over that line in its own report (for example, because the other filer equips the line or UNE as broadband), then that line should be reported in Part II-C of your filing, not in Part I.

Line C.II-4: Report lines/wireless channels that you provided to unaffiliated telecommunications carriers under a UNE loop arrangement, where you do **not** provide switching for the line. Include the high frequency portion of the loop if sold as a UNE. **Do not** convert any high capacity lines provided under

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such UNE arrangements into voice-grade equivalent measures.

Line C.II-5: Report lines/wireless channels that you provided to unaffiliated telecommunications carriers under a UNE loop arrangement, where you **also** provide switching for the line. (Note that the so-called “UNE-Platform” provided to telecommunications carriers is included here.) **Do not** convert any high capacity lines provided under such UNE arrangements into voice-grade equivalent measures.

Line C.II-6: Report special access lines that you do not provide as broadband. Also report private lines that connect an end-user premise to a telecommunications carrier and that you do not provide as broadband. Note that for lines reported on Line C.II-6, your customer may be either an end user or another telecommunications carrier. **Do not** convert lines reported on Line C.II-6 into voice-grade equivalent measures.

Line D.II-7: Report the total of the (voice-grade equivalent) lines/wireless channels reported in Lines A.II-1, B.II-2, and B.II-3.

Columns

Column (a): For Lines A.II-1 (service provided to end users), Lines B.II-2 through B.II-3 (service provided to other carriers), and Line D.II-7 (total voice-grade equivalent lines in service), report voice-grade equivalent lines used to provide local exchange services. For Lines C.II-4 through C.II-6 (UNEs, and special access and private lines not provided as broadband), report the number of lines or wireless channels (*i.e.*, **not** the voice-grade equivalent of those lines or wireless channels) that are used for local exchange or exchange access services that you do not report in Part I.

Note: See note above, page 4, about reporting data on percentages.

Column (b): Report percentage of column (a) used for service billed to “residential and small business” customers. In Part II, consider your own end-user customer to be residential and small business if you provide fewer than four (4) voice-grade equivalent lines to that customer. Also, consider any lines you provide to a shared-tenant service provider in an apartment building to be residential and small business lines. For end-user lines you provide to other carriers (*i.e.*, under resale or UNE arrangements), classify lines as residential and small business if the carrier orders fewer than four (4) voice-grade equivalent lines for its use in serving a particular end user. If such information on the number of voice-grade lines to the end user is not available, you may estimate a comparable classification based on tariffs or on marketing information, such as demographic information associated with the geographic areas where the lines are provided.

Column (c): Report percentage of lines and wireless channels in column (a) provided over your own **local loop** facilities connecting to the end user’s premises. Count as your own such facilities, those facilities that you actually owned as well as facilities that you obtained the right to use from other entities as dark fiber or satellite transponder capacity (and that you used as part of your own system). **Do not** include, in column (c), lines provided over UNE loops that you obtained from another carrier.

Note for competitive LECs that own telephone switches: A competitive LEC should include, in column (c), a line for which it provided its own switching **only** if it also owned (as just discussed) the local loop connecting to the end user’s premises.

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Column (d): Report percentage of column (a) provided over UNE loops, including UNE loops obtained on a stand-alone basis and also UNE loops obtained in combination with other UNEs (such as the UNE-Platform).

Column (e): In column (e), **incumbent LECs** should report the percentage of column (a) that they provided through switching centers in which another carrier had at least one operational collocation arrangement ("ILEC COLO switching center"). **Other reporting carriers** should report in column (e) the percentage of column (a) that the reporting carrier provided by means of a UNE loop that it obtained from another telecommunications carrier and connected to its own collocation arrangement. Note, in particular, that a competitive LEC therefore would **not** report in column (e) lines it served by means of the UNE-Platform. Note also that a competitive LEC providing lines on a pure resale basis would report 0% in column (e), even if some of its resold lines were served from incumbent LEC switching centers in which some other entity had a collocation arrangement.

Note: For the purposes of completing Part II, an "ILEC COLO switching center" is an incumbent LEC switching center in which one or more unaffiliated competitive LECs has an operational collocation arrangement as defined in 47 C.F.R. § 51.5. A switching center is a location containing one or more switches. Do not consider separate three-digit telephone prefixes as separate switching centers. Consider a remote as a separate switching center if a competing carrier could obtain a UNE loop **only** at the remote switch rather than at the host switch. This definition of a switching center is different from wire center based definitions of switching centers, which include all remote switch locations as switching centers. If collocation occurs only at a remote switch, treat all lines served at the remote as being provided at an ILEC COLO switching center and treat lines at the host switch as not being provided at an ILEC COLO switching center.

Column (f): For Line D.II-7, report percentage of column (a) carried over coaxial cable facilities used in the part of the line/wireless channel at the end-user location.

Column (g): For Line D.II-7, report percentage of column (a) carried over fixed wireless facilities used in the part of the line/wireless channel at the end-user location.

Column (h): For Line D.II-7, report percentage of column (a) carried over all other facilities, including but not limited to twisted copper pair, used in the part of the line/wireless channel at the end-user location.

D. Part III: Mobile Local Telephone (Mobile Telephony Providers Only)

Line A. III-1: Report all mobile telephone subscribers served over your own facilities that give customers the ability to place or receive calls from the public switched telephone network. Include: satellite, cellular, and PCS telephone service & other terrestrial mobile services; and, units in service that combine voice telephone with other services. Report only mobile telephony subscribers that you serve using spectrum licenses you hold or manage, and not subscribers that you serve via resale of another firm's facilities.

Note: Exclude mobile services that customers cannot use to directly place calls to subscribers of ordinary telephone service, such as dispatch services and one-way or two-way paging services. Also exclude voice services that permit communications between only a narrow range of locations such as automobile units that permit drivers to communicate only with a specific road service.

Column (a): Report the total number of subscribers, as described above, in the state. Count as a subscriber a mobile handset, car-phone or other revenue-generating active voice unit that has a unique

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phone number and that can place and receive calls from the public switched network. Mobile telephony subscriber counts by state should be based on billing addresses, not area codes of telephone numbers provided to subscribers.

Column (b): Report the percentage of subscribers in column (a) that you bill directly to end users (as opposed to those units in service that were provided through resellers or distributors for pre-paid service).

E. Part IV: Explanations and Comments (All Filers, only if necessary)

Complete Part IV if you wish to furnish any explanatory information with your data. Filers should identify the Part and Line to which their comment applies in the columns provided.

F. Part V: Zip Code Listings (Broadband Providers and Local Telephone Service Providers)

Line V-1: Report the 5-digit Zip Codes -- for this state -- in which you provide service to end-user locations.

Column (a): If you file broadband information in Part I, you must provide a list of Zip Codes in the state in which you provide broadband service.

Column (b): If you file local exchange service information in Part II, then you must provide a list of Zip Codes in the state in which you provide local exchange service. Providers of mobile telephony services need not provide this information.

Note: These Zip Code lists should correspond to areas in which service is actually being used by customers, including "point Zip Codes" (i.e., a Zip Code assigned to a particular customer). The list should not include authorized territory in which you have no customers in service, planned build-out, location of facilities, etc. The list can be based on engineering information (such as maps showing actual service territory) or on billing information, such as the Zip Codes of actual customers. If the latter approach is selected, please review the resulting list and delete any Zip Codes which clearly are out of your service territory and which appear only because the billing address is likely different from the service address.

IV. GENERAL INFORMATION

A. Where and When to File

1. When to File

Service providers that meet the reporting thresholds must file the FCC Form 477 semi-annually:

- March 1st of each year: providers must file data as of December 31 of the preceding year.
- September 1st of each year: providers must file data as of June 30 of the same year.

2. Where to File

All filers must deliver to the FCC the signed, original paper copy of the Certification Statement. The Certification Statement is the single page that constitutes Section V of these Instructions. Filers also must deliver completed Form 477(s) to the FCC, in electronic format. Paper copies of

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completed Form 477s should not be submitted. Acceptable electronic formats are spreadsheet files attached to an e-mail message, or an IBM format 3.5-inch floppy diskette(s) or a compact disc(s) containing such files. Filers should submit completed Form 477(s) by **only one** delivery method (i.e., do not make duplicate filings of spreadsheet files) and should ensure that the delivery media is virus free using up-to-date virus detection software. Any floppy diskette or compact disc submitted should be **clearly labeled** to identify its contents by (at a minimum): FCC Form 477 (12/31/01 data), name of filer, whether the diskette or disc contains "complete" or (if relevant) "redacted" versions of Form 477, and (if multiple diskettes or discs are submitted) the states for which data are included.

Attention: Because of last year's mail contamination, the Commission has had to take extraordinary precautions when receiving and handling ordinary posted mail. Delays and other disruptions caused by treating and processing such mail continue. In particular, floppy diskettes and compact discs likely will be rendered useless in the irradiation process applied to United States Postal Service (USPS) first-class mail, Express Mail, and Priority Mail addressed to the Commission's headquarters location. The Commission therefore encourages filers to submit Form 477(s) using **one** of the following alternatives.

E-mail: Completed Form 477(s) may be delivered as attachments to one or more e-mail messages sent to FCC477@fcc.gov. The subject field of the e-mail should contain the following phrase: **FCC Form 477 due 3/1/02**. If the number of Form 477(s) is large enough to require multiple e-mails for successful delivery, the subject line should so indicate; for example: FCC Form 477 due 3/1/02 (message 1 of 3). Filers using e-mail to deliver Form 477(s) must also submit the signed, original paper copy of the Certification Statement, only, which they may do by USPS first-class mail addressed to: FCC FORM 477 (ATTN: CCB/IAD, Room 6-A220), Federal Communications Commission, 445 12th Street, SW, Washington, DC 20554. Filers who wish to do so may, instead, deliver the signed, original copy of the Certification Statement by hand delivery, messenger delivery, or non-USPS overnight delivery to the address specified below for such deliveries.

Hand delivery, messenger-delivery, or overnight delivery service other than USPS Express Mail or Priority Mail: Deliveries, by these particular methods, of IBM format 3.5-inch floppy diskette(s), or compact disc(s), containing completed Form 477(s) must be made to: FCC FORM 477 (ATTN: CCB/IAD, Room 6-A220), Federal Communications Commission, 9300 East Hampton Drive, Capitol Heights, MD 20743. This location is open 8:00 a.m. to 5:30 p.m. The signed, original paper copy of the Certification Statement, only, must accompany the diskette(s) or compact disc(s).

A filer who is unable to use one of these delivery methods should contact the Industry Analysis Division, Common Carrier Bureau, at (202) 418-0940 or via TTY at (202) 417-0484.

B. How to File

1. Preparation of Data Files

You must file your local competition and broadband deployment data using the electronic version of Form 477 that is available at www.fcc.gov/formpage.html or by purchase from the FCC's duplicating contractor, Qualex International at (202) 863-2893; fax (202) 863-2898; TTY (202) 863-2897; e-mail qualexint@aol.com. Form 477 will change over time, and filers must obtain the latest version for each filing period. Filers should also obtain the latest version of these Instructions.

The electronic version of Form 477 is provided in two formats: Excel 97 and Lotus 123 Version 5. The Excel 97 version contains drop-down boxes and some edit checks. The Lotus version should be usable in most spreadsheet programs. **Once you complete a filing, rename the file in accordance with**

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 3/1/02)

instructions provided below. If you wish to assert confidentiality for any information provided in the filing, you must provide a redacted version of the file, renamed in accordance with the instructions provided below. If you do not provide a redacted version of the file using the proper file names, you risk having confidential information released.

Note: If you are required to complete a particular Part of Form 477, answer all the questions within that Part; if a particular question in that Part does not apply to you, enter the number "0" (zero) as your response. (If you are not required to complete a particular Part of Form 477, you may leave all cells in that particular Part blank.) For non-zero entries, enter all digits of the number. You may not move cells, insert or delete rows, or change the validation or formatting characteristics of any cell. **If the FCC cannot load your files into its databases as a result of modifications to the file, you will be required to correct and resubmit those files.** Filers must save each Form 477 as a **separate** spreadsheet file. Do not submit multiple Form 477 worksheets within a single Excel 97 workbook or as multiple levels in a single Lotus file. (Filers choosing to submit Form 477(s) on a floppy diskette(s), or compact disc(s), may place multiple spreadsheet files on a single diskette or compact disc.)

Each file name must adhere to the following convention:

SST#Hyearname.XLS or SST#Hyearname.WK4; where:

SS is the two letter post office abbreviation for the state.

T is a single character representing principal filing type. Since incumbent LEC (ILEC) data must be filed separately from non-ILEC data, this convention distinguishes the files. In addition, this character is used to distinguish refiled and redacted data. Use the following codes:

A	= original filing for non-ILEC operations
B	= original filing for ILEC operations
C	= original redacted filing for non-ILEC operations
D	= original redacted filing for ILEC operations
E	= revised filing for non-ILEC operations
F	= revised filing for ILEC operations
G	= revised redacted filing for non-ILEC operations
H	= revised redacted filing for ILEC operations

is a "sequence number" (i.e., 1, 2, 3, etc.) to be used to differentiate what would otherwise be identically named files when the file names are constructed according to the convention specified here. If no such redundancy of file names occurs, use the number "1" in place of the character "#".

H is the half of the year of the data being filed. Use:
 "J" for data as of June 30
 "D" for data as of December 31

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year is the last two digits of the year of the data being filed (e.g., for the filing due March 1, 2002, reported data will be as of December 31, 2001, so 2001 = 01).

name is the name identified on Line 2 of the Cover Page of Form 477. If you use software that limits file names to 8 characters plus a three character file extension, then use a one-character name abbreviation and identify that name in the Certification Statement.

Example: NCB1D01BellSouth.XLS or NCB1D01BellSouth.WK4

2. Additional Directions for Filing

Filers must submit the original, signed paper copy of the Certification Statement (which is the single page that constitutes Section V of these Instructions). **The Certification statement must be signed in ink by an officer of the filer of one of the legal entities whose data is included.** An officer is a person who occupies a position specified in the articles of incorporation (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer or a comparable position. If the filer is a sole proprietorship, the owner must sign the certification.

C. Requesting Confidentiality

Some information from the FCC Form 477 may be made publicly available. Any respondent to this form may submit a request that information on the FCC Form 477 not be made routinely available for public inspection by so indicating on Line 10 of the form and on the Certification Statement. *See also* 47 C.F.R. §§ 0.457, 0.459, 1.7001(d), 43.11(c); *Examination of the Current Policy Concerning the Treatment of Confidential Information Submitted to the Commission*, FCC 98-184 (rel. Aug. 4, 1998). Respondents seeking confidential treatment should provide a separate floppy diskette, or compact disk, containing a redacted version of all files. Note that these redacted files must be given different names from the complete filings, as specified above. Redacted data should be replaced with xxxxxx (note: enter precisely six x's) in the redacted data file.

D. Obligation to File Revisions

Filers must submit a revised form if the filer discovers a significant error in the data. For counts, a difference amounting to 5 percent of the filed number must be refiled. For percentages, a difference of 5 percentage points is significant and must be refiled.

Revisions should consist of a certification statement and one or more electronic files. Carriers should refile all data for a state if one or more data element must be revised. A refiled Form 477 spreadsheet should contain all appropriate data for the state, not just the corrected figures. Note that files containing revisions must be given different names from the original filings, as specified above, Section IV-B.1.

E. Compliance

Service providers that are required to file the Form 477 but fail to do so may be subject to the enforcement provisions of the Communications Act and any other applicable law.¹

¹ See 47 U.S.C. §§ 502, 503.

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 3/1/02)**V. CERTIFICATION STATEMENT****FCC Form 477 Local Competition and Broadband Reporting
CERTIFICATION STATEMENT**

Check the method (use ONLY one) used to deliver completed Form 477(s) to the FCC. See Instructions, Section IV, for the proper address to use for each delivery method:

☐ E-mail ☐ Overnight service other than United States Postal Service
☐ Messenger or hand delivery ☐ Other (specify: _____)

Also see Instructions, Section IV, for separate directions on how to submit the signed, original paper copy of this Certification Statement to the FCC.

This filing is an (check one) ☐ original filing ☐ revised filing

Organization name: _____

Number of files provided for this reporting period: _____

Year (of the data): _____ Data as of: [Check one: June 30____; December 31 ____]

I certify that I am an officer of _____; that I have examined the information contained in the data files attached herein and that to the best of my knowledge, information and belief, all statements of fact contained in such files are true and that said files represent an accurate statement of the affairs of the above named respondent as of the following date:

If I have requested non-disclosure of some or all of the information in FCC Form 477 by so indicating on Line 10 of the form, I certify that this information is privileged and confidential and that public disclosure of such information would likely cause substantial harm to the competitive position of the respondent.

PRINTED NAME: _____

POSITION: _____

SIGNATURE: _____

DATE: _____

Persons making willful false statements in the report form can be punished by fine or imprisonment under the Communications Act, 47 U.S.C. 220(e).

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

FEDERAL COMMUNICATIONS COMMISSION

Instructions for the Local Competition and Broadband Reporting Form, FCC Form 477 (For Filing Due 3/1/02)**V. DISCLOSURE, PRIVACY ACT, PAPERWORK REDUCTION ACT NOTICE**

The Privacy Act of 1974 and the Paperwork Reduction Act of 1995 require that when we ask you for information, we must first tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it and whether your response is voluntary, required to obtain a benefit, or mandatory under the law. See Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. § 552a (e)(3), and the Paperwork Reduction Act of 1995, P.L. No. 104-13, 44 U.S.C. § 3501, *et seq.*

Our legal right to ask for this information is sections 1.7000-1.7002, 20.15, 43.01, 43.11 of the Federal Communications Commission's rules require. 47 C.F.R. §§ 1.7000-1.7002, 20.15, 43.01, 43.11. Your response is mandatory.

This collection of information stems from the Commission's authority under sections 4(i), 201, 218-220, 251-252, 303(r), 332, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 201, 218-220, 251-252, 303(r), 332, and 403, and section 706 of the Telecommunications Act of 1996. The data in the worksheet will be used to monitor the deployment of broadband services and the development of local telephone service competition. Selected information provided in the worksheet will be made available to the public in a manner consistent with the Commission's rules and orders.

We have estimated that each response to this collection of information will take, on average, 11 hours. Note that many companies will file multiple responses and that this estimated average reflects the fact that many companies will be required to file only a single service count that should be readily available from internal company records. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, enter the data in a Form 477 spreadsheet, prepare a floppy diskette, or compact disc, and certification for each state, and actually file the report. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PER, Washington, D.C. 20554, Paperwork Reduction Project (3060-0816). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please DO NOT SEND COMPLETED WORKSHEETS TO THIS ADDRESS.

Remember -- You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0816.

The Commission is authorized under the Communications Act of 1934, as amended, to collect the personal information we request in this form. If we believe there may be a violation or potential violation of a statute or a Commission regulation, rule, or order, your filing may be referred to the Federal, state, or local agency responsible for investigating, prosecuting, enforcing, or implementing the statute, rule, regulation, or order. In certain cases, the information in your worksheet may be disclosed to the Department of Justice, court, or other adjudicative body when (a) the Commission; or (b) any employee of the Commission; or (c) the United States government, is a party to a proceeding before the body or has an interest in the proceeding.

Reporting entities failing to file the worksheet in a timely fashion may be subject to penalties under the Communications Act, including sections 502 and 503 (b).

BB&T Capital Markets

Equity Research

February 20, 2002

Ryon Acey (804) 782-8794
Ryan Garton (804) 782-88

Allegiance Telecom

ALGX-OTC-\$3.70

ALGX: RESPECTABLE Q4'01, BUT RESULTS LOWER THAN OUR ESTIMATES

52-Week Range:	\$24-\$3	Market Cap:	\$426MM
Current Div./Yield:	none/nil	Common Shares:	115.2MM
Est. 3-Yr. Rev. Growth:	38%	Avg. Daily Volume:	2.4MM
12-Month Target:	\$12	Debt/Capital:	62.2%

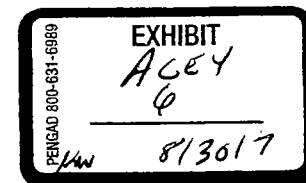
Opinion: Long-Term Buy (2) Previous Opinion: Long-Term Buy (2)

EBITDA/share (FYE: Dec.)*	2000A	2001A	2002E
Q1 - March	(\$0.27)	(\$0.27)	(\$0.19)
Q2 - June	(0.26)	(0.25)	(0.10)
Q3 - September	(0.29)	(0.23)	(0.01)
Q4 - December	(0.27)	(0.24)	0.08
Year	(\$1.09)	(\$0.99)	(\$0.22)
Previous		(\$0.94)	(\$0.05)
EPS	(\$2.58)	(\$3.82)	(\$3.45)
		(\$3.73)	(\$3.67)
Revenue (MM)	\$285.2	\$516.9	\$800.1
TEV / Revenue	3.6x	2.0x	1.3x

* Estimates include amortization of goodwill

Key Points

- * Respectable results, in our view, but revenue and EBITDA lower than our estimates
- * Management expects ALGX to turn EBITDA positive in late Q3'02 or early Q4'02
- * Lines at year end were 1,015,000, after downward adjustment of 125,000
- * Retaining Long-Term Buy (2); 12-month price target is \$12

**Additional Discussion**

Allegiance reported Q4'01 and 2001 results yesterday after the close. While the results were respectable, in our view, Q4'01 revenue of \$151.8 million and EBITDA of a loss of \$22.2 million were lower than our estimates of \$157.3 million and a loss of \$21.8 million, respectively. 2002 revenue and EBITDA guidance of \$790 million-\$808 million and a loss of \$20 million-\$25 million are lower than our previous estimates of \$815 million and a loss of \$6 million, respectively. Management expects to cross over into positive EBITDA territory either late in Q3'02 or early in Q4'02. Management stated that the company's performance to date, as well as its guidance for 2002, remains within the limits of its debt covenants.

After reconciling reporting elements within its back office, management has adjusted its line count downward by 125,000, ending the year with 1,015,000. Prior to this, the quality and transparency of management's reporting has been second to none, in our opinion. This is the first time in our recollection that one can question management's reporting.

Overall, given the difficult economic environment and the tremendous difficulties facing telecommunications carriers today, we view the company's Q4'01 and 2002 guidance favorably. Given that the company remains fully funded, in our estimation, and within its debt covenants, we believe the outlook remains solid. With respect to the reconciliation adjustment, we do not expect

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such an adjustment to take place again. We would view any resulting pressure on shares today as a buying opportunity. We rate shares of ALGX Long-Term Buy (2).

Q4'01 Results Respectable, In Our View, But Below our Estimates. Allegiance reported Q4'01 and 2001 results yesterday after the close. While we believe the results were respectable in terms of growth, Q4'01 revenue and EBITDA were lower than our estimates. Q4'01 revenue grew 12.3% sequentially and 59.8% YOY to \$151.8 million, versus our estimate of \$157.3 million. Q4'01 EBITDA improved by \$4.3 million to a loss of \$22.2 million (before non-recurring charges of \$5.5 million associated with acquisitions), versus our estimate of a loss of \$21.8 million. 2001 revenue grew 81.2% to \$516.9 million, while EBITDA improved by \$11.1 million (before non-recurring charges of \$5.5 million associated with acquisitions).

2002 Guidance Respectable But Below Our Estimates. 2002 guidance is modestly below our previous estimates. Management expects revenues to grow roughly 55% to approximately \$800 million, versus our previous estimate of \$814.7 million. EBITDA is expected to improve to between a loss of \$20 million and a loss of \$25 million, versus our previous estimate of a loss of \$6.2 million. Management expects to cross over into positive EBITDA territory either late in Q3'02 or early in Q4'02. Lines installed are expected to grow by 600,000, versus our previous estimate of 625,000. Capital expenditures are expected to be in the range of \$215 million-\$240 million, down from earlier guidance of \$225 million-\$250 million. Our previous estimate was \$245 million.

Allegiance Operating Within Debt Covenants. Management stated that the company's performance to date remains within the limits of its debt covenants. More importantly, its guidance for 2002 is also within such covenants.

Figure 1: Revenue Guidance Versus Covenants (\$MM)

	<u>Q1'02</u>	<u>Q2'02</u>	<u>Q3'02</u>	<u>Q4'02</u>	<u>2002</u>
Guidance	\$165-\$168	\$185-\$190	\$208-213	\$232-237	\$790-\$808
Covenant	\$155	\$180	\$200	\$220	\$755

Source: Company management

Line Count Adjustment Counters Previous Stellar Reporting Record. In Q4'01 Allegiance scrubbed its back office to reconcile the order management, provisioning, and billing databases for past inconsistencies. As a result of this reconciliation effort, management has adjusted its line count downward by 125,000. Specifically, while the company added 135,000 lines in the quarter, the net increase over the Q3'01 cumulative total of 1,005,900 amounted to only 9,100. While we commend management for wiping the slate clean before entering 2002, the magnitude of this adjustment (12% of total) makes it difficult to swallow. Prior to this, the quality and transparency of management's reporting has been second to none, in our opinion. This is the first time in our recollection that one can question management's reporting. Given the issues surrounding accounting today, the timing of such an adjustment could not have been worse. In the end, however, we do not expect to learn of more reconciliation efforts of this magnitude.

Adjusting Estimates. We are lowering our 2002 revenue estimate to \$800.1 million from \$814.7 million, due primarily to more modest expectations for line sales in 2002. We are lowering our 2002 EBITDA estimate to a loss of \$25.0 million, from our earlier estimate of a loss of \$6.2 million, pushing breakeven back one quarter to Q4'02. Our forecast for capital expenditures has been lowered to \$225 million from \$245 million previously.

Company remains fully funded. With \$399.3 million in cash at 12/01 and access to \$150 million in undrawn credit, Allegiance remains fully funded, in our opinion. Given the revised 2002 assumptions outlined above, we believe the company will need to tap all of the \$150 million remaining in undrawn credit beginning in Q2'03.

Valuation. Shares of ALGX are currently trading at 1.8x Q4'01 annualized revenues of \$607 million and 1.3x estimated 2002 revenues of \$800.1 million. Our 12-month price target of \$12 assumes that the stock's multiple will expand to 2.7x sales, as EBITDA breakeven will have occurred in Q4'02, in our estimation. We continue to rate shares of ALGX Long-Term Buy (2).

Company Background and Description

Based in Dallas, TX, Allegiance is a national, switch-based integrated communications provider (ICP) that offers voice (local and LD) and data (Internet, LAN/WAN) services to small- and medium-sized commercial customers. It does so by installing its own voice switches and related equipment in ILEC central offices and leasing the ILEC-owned facilities (copper and fiber) that constitute the "last mile" connection to the customer.

The company's 36 current markets are Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Houston, Long Island, Los Angeles, Miami, Minneapolis/St. Paul, New York, Northern New Jersey,

Oakland, Ontario/Riverside CA, Orange County, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, San Antonio, St. Louis, San Diego, San Francisco, San Jose, Seattle, Tampa, Washington, DC, and White Plains, NY, West Palm Beach/Boca Raton.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

BB&T Capital Markets makes a market in the securities of ALGX.
The analyst owns shares of ALGX.

The information and statistics in this report have been obtained from sources we believe are reliable but we do not warrant their accuracy or completeness. We do not undertake to advise the reader as to changes in figures or our views. This is not a solicitation of an order to buy or sell any securities. BB&T Capital Markets, its affiliates, directors, officers, stockholders, employees, and accounts with respect to which the forgoing have investment discretion, may have long or short positions in and may from time to time purchase or sell securities of the companies referred to in this report. The securities sold, offered, or recommended by BB&T Capital Markets are not insured by the FDIC, not bank guaranteed, and may lose value.

2/20/2002

BB&T Capital Markets
Equity Research - Communications ServicesRyan Acry (804) 782-8784
Ryan Garton (804) 782-8812

ALLEGANCE TELECOM, INC. OPERATING STATISTICS (Dollars in thousands)												
	3mos END-00	3mos JUN-00	3mos SEP-00	3mos DEC-00	3mos MAR-01	3mos JUN-01	3mos SEP-01	3mos DEC-01	3mos MAR-02	3mos JUN-02	3mos SEP-02	3mos DEC-02
REVENUE SEGMENTATION (\$000)												
Switched local & access	\$39,700	\$48,705	\$39,623	\$45,760	\$73,053	\$80,266	\$85,437	\$97,518	\$228,276	\$91,236	\$101,819	\$121,097
Long distance	\$1,700	\$2,100	\$3,361	\$4,181	\$5,400	\$6,551	\$7,000	\$9,900	\$29,551	\$10,714	\$12,263	\$15,498
Date/Internet	\$6,500	\$12,201	\$17,047	\$25,006	\$27,421	\$37,942	\$41,900	\$34,400	\$161,052	\$64,199	\$72,460	\$97,620
Other	\$261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REVENUE SEGMENTATION (% OF TOTAL)												
Switched local & access	82.1%	77.3%	74.5%	69.2%	69.0%	64.7%	63.2%	57.6%	63.1%	54.9%	54.0%	51.7%
Long distance	3.6%	3.3%	4.2%	4.4%	5.1%	5.2%	5.8%	6.5%	13.2%	6.4%	6.5%	6.6%
Date/Internet	13.8%	19.4%	21.3%	26.4%	25.9%	30.1%	31.0%	35.5%	23.7%	38.6%	39.5%	41.7%
Other	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SEQUENTIAL REVENUE GROWTH (%)												
Switched local & access	18.7%	25.9%	22.4%	10.3%	11.1%	9.9%	6.4%	2.4%	5.3%	4.4%	11.5%	9.6%
Long distance	-15.0%	23.5%	60.0%	24.4%	29.2%	19.5%	20.9%	26.5%	160.8%	8.2%	14.5%	11.0%
Date/Internet	44.4%	87.7%	39.7%	47.2%	9.3%	36.2%	12.2%	29.8%	164.1%	18.0%	16.0%	14.0%
Total sequential revenues growth	20.0%	33.6%	27.0%	18.7%	11.4%	17.2%	8.9%	12.3%	81.2%	9.5%	13.4%	11.9%
YOY growth - revenues	372.7%	25.0%	149.7%	141.9%	124.5%	96.9%	60.9%	59.8%	81.2%	57.0%	52.0%	54.3%
ALLEGANCE TELECOM, INC. STATEMENT OF INCOME (Dollars in thousands)												
	3mos END-00	3mos JUN-00	3mos SEP-00	3mos DEC-00	3mos MAR-01	3mos JUN-01	3mos SEP-01	3mos DEC-01	3mos MAR-02	3mos JUN-02	3mos SEP-02	3mos DEC-02
Total revenues	\$47,161	\$63,006	\$60,021	\$65,029	\$105,874	\$124,059	\$135,137	\$151,818	\$356,888	\$166,242	\$188,542	\$234,215
Costs	\$27,120	\$34,550	\$41,875	\$47,177	\$71,420	\$80,801	\$85,714	\$97,991	\$231,234	\$99,610	\$109,542	\$139,270
Gross Margin	\$20,041	\$28,456	\$18,146	\$17,852	\$34,454	\$43,258	\$49,423	\$53,827	\$125,654	\$66,632	\$78,999	\$94,945
SG&A	\$37,991	\$36,743	\$39,894	\$37,280	\$68,672	\$75,996	\$85,064	\$105,508	\$277,288	\$108,670	\$114,100	\$125,800
EBITDA	(\$17,950)	(\$20,287)	(\$21,738)	(\$19,428)	(\$34,218)	(\$32,738)	(\$35,641)	(\$51,681)	(\$111,634)	(\$42,038)	(\$35,101)	(\$30,855)
Depreciation and amortization	\$21,354	\$25,351	\$27,132	\$26,969	\$51,309	\$59,026	\$67,143	\$80,766	\$208,004	\$86,464	\$97,986	\$115,373
Management ownership allocation charge	\$2,416	\$2,176	\$1,201	\$887	\$175	\$0	\$0	\$0	\$135	\$0	\$0	\$0
Non-cash deferred compensation	\$2,010	\$2,010	\$2,010	\$4,092	\$5,933	\$2,159	\$5,263	\$9,917	\$12,759	\$1,000	\$500	\$0
EBIT	(\$33,700)	(\$37,804)	(\$37,161)	(\$31,577)	(\$30,793)	(\$30,121)	(\$32,321)	(\$30,364)	(\$37,329)	(\$41,522)	(\$34,704)	(\$31,420)
Net interest expense and other	(\$7,540)	\$1,094	(\$1,121)	(\$4,650)	(\$8,942)	(\$13,217)	(\$14,216)	(\$22,215)	(\$58,595)	(\$10,920)	(\$20,452)	(\$23,047)
Net Loss	(\$41,240)	(\$36,710)	(\$38,282)	(\$36,227)	(\$39,735)	(\$43,338)	(\$46,537)	(\$60,579)	(\$95,924)	(\$52,442)	(\$55,156)	(\$54,467)
Accretion of Redeemable Preferred Stock and Warrant Values	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Loss Applicable to Common	(\$41,240)	(\$36,710)	(\$38,282)	(\$36,227)	(\$39,735)	(\$43,338)	(\$46,537)	(\$60,579)	(\$95,924)	(\$52,442)	(\$55,156)	(\$54,467)
EPS (Basic & Diluted)	(\$0.39)	(\$0.52)	(\$0.67)	(\$0.79)	(\$0.87)	(\$0.92)	(\$0.94)	(\$1.09)	(\$2.82)	(\$0.96)	(\$0.89)	(\$0.77)
EBITDA/share	(\$0.27)	(\$0.26)	(\$0.29)	(\$0.27)	(\$0.27)	(\$0.23)	(\$0.23)	(\$0.24)	(\$0.99)	(\$0.19)	(\$0.10)	(\$0.22)
Wtd. Avg. Basic and Diluted Shares	104,096	108,377	108,949	109,637	111,059	112,057	113,704	114,856	113,114	115,126	115,436	115,936
MARGIN ANALYSIS:												
Gross Margin	42.5%	45.2%	47.7%	50.4%	51.6%	51.0%	51.4%	51.3%	51.3%	52.1%	54.6%	56.3%
SG&A Margin	90.1%	87.3%	81.8%	88.5%	79.9%	73.7%	70.9%	65.5%	73.0%	65.4%	60.5%	53.7%
EBITDA Margin	-35.3%	-31.5%	-31.5%	-28.3%	-28.0%	-22.6%	-19.6%	-16.2%	-21.7%	-13.3%	-5.9%	-3.1%
EBIT Margin	-91.8%	-85.8%	-85.8%	-87.3%	-82.5%	-72.6%	-68.1%	-65.5%	-72.2%	-43.9%	-35.2%	-28.4%
NI Margin	-129.5%	-90.0%	-91.6%	-90.7%	-91.0%	-83.3%	-78.8%	-82.7%	-83.5%	-66.4%	-54.7%	-45.5%
Seq. growth - COS	13.4%	27.4%	21.2%	12.7%	8.6%	16.7%	6.1%	12.6%	67.0%	7.6%	7.6%	7.7%
Seq. growth - SG&A	13.7%	16.2%	23.1%	11.3%	8.6%	6.0%	4.9%	10.1%	49.5%	3.0%	5.0%	5.0%
CASH FLOW ANALYSIS:												
BEG CASH & EQUIV	-	-	-	-	\$160,818	\$510,091	\$312,363	\$337,561	\$670,911	\$399,316	\$200,546	\$210,442
CASH BURN	-	-	-	-	(\$107,710)	(\$107,710)	(\$120,802)	(\$130,265)	(\$651,595)	(\$98,701)	(\$90,546)	(\$134,642)
EBITDA	-	-	-	-	(\$120,483)	(\$120,483)	(\$120,483)	(\$120,483)	(\$120,483)	(\$120,483)	(\$120,483)	(\$120,483)
CASH INTR. (NET)	-	-	-	-	(\$5,765)	(\$5,765)	(\$5,765)	(\$5,765)	(\$5,765)	(\$5,765)	(\$5,765)	(\$5,765)
INC. EXISTING CAPITAL	-	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROCEEDS FROM NEW CAPITAL	-	-	-	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ENDING CASH	-	-	-	-	\$310,091	\$312,363	\$337,561	\$339,316	\$399,316	\$200,546	\$210,442	\$210,442

Source: Company reports and BB&T Capital Markets estimates

2/20/2002

BB&T Capital Markets
Equity Research - Communications Services

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ALLEGIANCE TELECOM, INC. OPERATING STATISTICS (Dollars in thousands)												
	12mos DEC-01	12mos DEC-02	12mos DEC-03	12mos DEC-04	12mos DEC-05	12mos DEC-06	12mos DEC-07	12mos DEC-08	12mos DEC-09	12mos DEC-10	12mos DEC-11	12mos DEC-12
REVENUE SEGMENTATION (\$'000)												
Switched local & access	\$85,300	\$112,788	\$236,274	\$425,830	\$583,024	\$685,951	\$816,243					
Long distance	\$3,700	\$11,342	\$29,551	\$52,335	\$72,519	\$87,271	\$100,289					
Other	\$9,450	\$40,816	\$161,063	\$221,900	\$466,780	\$583,450	\$685,550					
REVENUE SEGMENTATION (% OF TOTAL)												
Switched local & access	86.1%	74.6%	63.1%	53.2%	51.3%	50.5%	50.9%					
Long distance	3.7%	4.0%	5.7%	6.3%	6.4%	6.4%	6.3%					
Date/Internet	9.5%	21.3%	31.2%	40.2%	42.3%	43.0%	42.8%					
Other	0.6%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%					
SEQUENTIAL REVENUE GROWTH (%)												
Switched local & access	86.1%	149.5%	53.3%	30.5%	32.4%	21.6%	19.1%					
Long distance	545.7%	206.5%	180.5%	77.1%	38.6%	20.3%	14.8%					
Date/Internet	NM	543.8%	164.7%	99.9%	45.0%	35.0%	17.5%					
Total sequential revenues growth	913.1%	187.9%	81.3%	54.8%	37.9%	33.0%	18.1%					
YOY growth - revenues	912.1%	187.9%	81.3%	54.8%	37.9%	33.0%	18.1%					
ALLEGIANCE TELECOM, INC. STATEMENT OF INCOME (Dollars in thousands)												
	12mos DEC-01	12mos DEC-02	12mos DEC-03	12mos DEC-04	12mos DEC-05	12mos DEC-06	12mos DEC-07	12mos DEC-08	12mos DEC-09	12mos DEC-10	12mos DEC-11	12mos DEC-12
Total revenues	\$99,061	\$285,227	\$616,888	\$880,065	\$1,102,903	\$1,356,272	\$1,602,062					
COS	\$52,191	\$150,718	\$351,734	\$350,710	\$449,880	\$557,360	\$646,540					
Gross Margin	\$46,870	\$134,509	\$265,154	\$441,355	\$653,023	\$798,912	\$955,522					
SG&A	\$141,098	\$232,388	\$377,388	\$448,380	\$524,590	\$586,580	\$649,322					
EBITDA	(\$104,326)	(\$117,859)	(\$113,234)	(\$25,035)	\$132,433	\$212,352	\$306,182					
Depreciation and amortization	\$35,822	\$130,826	\$246,064	\$288,427	\$300	\$300	\$300					
Management ownership allocation	\$7,851	\$18,788	\$175	\$0	\$0	\$0	\$0					
Non-cash deferred compensation	\$27,851	\$10,137	\$11,746	\$1,500	\$0	\$0	\$0					
EBIT	(\$188,688)	(\$285,382)	(\$325,219)	(\$314,952)	(\$182,114)	(\$182,114)	(\$182,114)					
Net interest expense and other	(\$28,050)	(\$12,273)	(\$58,592)	(\$39,166)	(\$39,166)	(\$39,166)	(\$39,166)					
Net Loss	(\$214,738)	(\$277,657)	(\$383,814)	(\$354,118)	(\$221,280)	(\$221,280)	(\$221,280)					
Accretion of Redeemable Preferred	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
Stock and Warrant Values	(\$130)	\$0	\$0	\$0	\$0	\$0	\$0					
Net Loss Applicable to Common	(\$214,868)	(\$277,657)	(\$383,814)	(\$354,118)	(\$221,280)	(\$221,280)	(\$221,280)					
EPS (Basic & Diluted)	(\$2.37)	(\$2.58)	(\$3.82)	(\$3.45)	(\$2.22)	(\$2.22)	(\$2.22)					
EBITDA/share	(\$1.15)	(\$1.09)	(\$1.09)	(\$1.15)	(\$1.15)	(\$1.15)	(\$1.15)					
Wtd. Avg. Basic and Diluted Share	\$90,736	\$107,765	\$113,114	\$115,561								
MARGIN ANALYSIS:												
Gross Margin	37.2%	47.2%	51.3%	55.4%	59.6%	58.9%	59.6%					
SG&A Margin	142.4%	88.5%	71.0%	58.5%	47.6%	41.8%	37.8%					
EBITDA Margin	-105.2%	-41.3%	-21.7%	-3.1%	12.0%	17.1%	21.8%					
EBIT Margin	-188.5%	-93.0%	-71.2%	-39.4%	-19.7%	-2.8%	5.9%					
NI Margin	-216.9%	-87.3%	-82.5%	-49.9%	-25.0%	-8.0%	16.0%					
Seq. growth - COS	552.7%	142.3%	67.0%	41.7%	25.0%	25.0%	16.0%					
Seq. growth - SG&A	199.8%	78.5%	49.5%	24.1%	12.0%	8.0%	7.0%					
CASH FLOW ANALYSIS:												
REG CASH & EQUIV	-	-	(\$623,595)	\$326,818	\$167,881	\$46,053	\$71,317					
CASH BURN	-	-	(\$112,124)	(\$25,025)	\$132,433	\$32,282	\$346,122					
EBITDA	-	-	(\$364,397)	(\$225,000)	(\$190,000)	(\$175,000)	(\$175,000)					
CAPEX	-	-	(\$36,803)	(\$36,876)	(\$110,304)	(\$103,405)	(\$104,105)					
CASH INTR. (NET)	-	-	(\$100,181)	(\$39,514)	\$0	\$0	\$0					
Other	-	-	\$250,000	\$0	\$150,000	\$0	\$0					
INCREMENTAL EXISTING CAPITAL PROCEEDS FROM NEW CAPITAL	-	-	\$399,316	\$72,501	\$54,520	\$9,567	\$79,784					
ENDING CASH	-	-	\$399,316	\$72,501	\$54,520	\$9,567	\$79,784					

Source: Company reports and BB&T Capital Markets estimates

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BB&T Capital Markets
Equity Research - Communications ServicesRyan Acay (804) 782-8784
Ryan Garton (804) 782-8812ALLIANCE TELECOM (ALGX-OTC)
DISCOUNTED CASH FLOW (DCF) ANALYSIS

	-10-	-11-	-12-	-13-	-14-	-15-	-16-	-17-	-18-	-19-	-20-
Revenues	2002.E	2003.E	2004.E	2005.E	2006.E	2007.E	2008.E	2009.E	2010.E	2011.E	2012.E
% YOY growth	54.8%	37.9%	23.0%	18.1%	15.6%	14.2%	13.5%	13.3%	13.1%	13.0%	12.8%
EBITDA	(\$25,025)	(\$22,423)	(\$22,352)	(\$249,322)	(\$462,974)	(\$370,888)	(\$684,207)	(\$802,191)	(\$922,901)	(\$1,042,755)	(\$1,176,625)
% of Revenues	3.1%	12.0%	17.1%	21.8%	25.0%	27.0%	28.5%	29.5%	30.0%	30.0%	30.0%
Capital Expenditures	(\$225,000)	(\$190,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)	(\$175,000)
- EBIT - (tax rate)	\$0	\$0	\$0	(\$37,518)	(\$86,558)	(\$132,587)	(\$180,257)	(\$229,403)	(\$271,853)	(\$313,962)	(\$361,676)
+ NOIs	\$0	\$0	\$0	\$37,518	\$86,558	\$132,587	\$180,257	\$229,403	\$271,853	\$313,962	\$361,676
Free Cash Flow	(\$250,025)	(\$57,577)	\$57,352	\$174,322	\$287,974	\$395,888	\$509,207	\$532,028	\$476,048	\$553,793	\$639,949

PV annual cash flows

	-10-	-11-	-12-	-13-	-14-	-15-	-16-	-17-	-18-	-19-	-20-
	23.0%	20.0%	17.0%								
	(\$250,025)	(\$46,811)	(\$47,981)	(\$49,211)	(\$41,896)	(\$37,000)	(\$33,607)	(\$30,219)	(\$27,124)	(\$24,284)	(\$21,589)
	(\$57,577)	\$37,909	\$39,828	\$41,896	\$44,862	\$47,828	\$50,794	\$53,760	\$56,726	\$59,692	\$62,658
	\$174,322	\$125,815	\$138,876	\$153,677	\$170,509	\$188,509	\$207,509	\$227,509	\$247,509	\$267,509	\$287,509
	\$395,888	\$476,048	\$553,793	\$639,949	\$727,100	\$814,251	\$901,402	\$988,553	\$1,075,704	\$1,162,855	\$1,250,006
	\$532,028	\$618,189	\$704,350	\$790,511	\$876,672	\$962,833	\$1,048,994	\$1,135,155	\$1,221,316	\$1,307,477	\$1,393,638
	\$476,048	\$562,209	\$648,370	\$734,531	\$820,692	\$906,853	\$993,014	\$1,079,175	\$1,165,336	\$1,251,497	\$1,337,658
	\$553,793	\$639,949	\$726,105	\$812,266	\$898,427	\$984,588	\$1,070,749	\$1,156,910	\$1,243,071	\$1,329,232	\$1,415,393
	\$639,949	\$726,105	\$812,266	\$898,427	\$984,588	\$1,070,749	\$1,156,910	\$1,243,071	\$1,329,232	\$1,415,393	\$1,501,554
	\$880,721	\$1,031,112	\$1,215,049								

PV total cash flows @ 12/02

	9.0%	10.0%	11.0%
(terminal multiple)			
23.0%	\$2,216,792	\$2,165,244	\$2,513,696
20.0%	\$2,741,395	\$2,931,427	\$3,121,458
17.0%	\$3,418,087	\$3,662,869	\$3,907,651

Estimated per-share valuation @ 12/02

Cash (including restricted)	\$72,500
Long term debt	\$1,074,600
Preferred Stock	\$0
Estimated funding gap	\$0
Shares out	130,977
Public market discount	20%

	(terminal multiple)	
	9.0x	10.0x
	22.0%	20.0%
(discount rate)	20.0%	17.0%
	\$7.40	\$9.20
	\$10.60	\$12.90
	\$14.80	\$17.70
	\$11.80	
	\$16.30	

Source: Company Reports and BB&T Capital Markets estimates

Computation of Diluted Shares

	OPTIONS GRANTED	WTD STRIKE	AVG PROCEEDS	BUY BACK	NET INCREASE
Shares assumed out at 12/02:					115,936
Options out @ 12/00:	21,081	.	.	.	10,541
Option issued thru 9/02E:	9,000	.	.	.	4,500
					15,041

Diluted shares assumed out at 12/02
 • With extreme share price volatility and the likelihood that strike prices (which are often deep out of the money) will be reset, we have adopted the simple assumption that 1/2 of all outstanding options will be in the money at any given time and that each will have a strike price of \$0.00.

\$1.33

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BB&T Capital Markets
Equity Research - Communications Services

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ALLEGANCE TELECOM (ALGX-OTC)
SENSITIVITY ANALYSIS - Total Enterprise Value (TEV) / Latest Quarter Annualized (LQA) Revenue Multiple

	TEV/LQA Revs.	Price	Mkt. Cap.	Debt	Cash	TEV	LQA Revs.	Shares Out
Current (as of 12/01):	1.8x	\$3.70	\$464	\$1,003	\$399	\$1,067	\$607	125.4
Implied (at 12/02):								
1.8x		\$4.90	\$642	\$1,075	\$73	\$1,644	\$937	131.0
2.1x		\$7.10	\$930			\$1,932		
2.4x		\$9.20	\$1,205			\$2,207		
2.7x		\$11.40	\$1,493			\$2,495		
3.0x		\$13.50	\$1,768			\$2,770		
3.3x		\$15.60	\$2,043			\$3,045		
3.6x		\$17.80	\$2,331			\$3,333		
3.9x		\$19.90	\$2,606			\$3,609		
4.2x		\$22.10	\$2,895			\$3,897		

ALLEGANCE TELECOM (ALGX-OTC)
SENSITIVITY ANALYSIS - Total Enterprise Value (TEV) / Gross PPAE Multiple

	TEV/Gross PPAE	Price	Mkt. Cap.	Debt	Cash	TEV	Gross PPAE	Shares Out
Current (as of 12/01):	0.8x	\$3.70	\$464	\$1,003	\$399	\$1,067	\$1,367	125.4
Implied (at 12/02):								
0.8x		\$1.80	\$236	\$1,075	\$73	\$1,238	\$1,592	131.0
1.0x		\$4.30	\$563			\$1,565		
1.2x		\$6.70	\$878			\$1,880		
1.4x		\$9.10	\$1,182			\$2,194		
1.6x		\$11.50	\$1,519			\$2,521		
1.8x		\$14.00	\$1,834			\$2,836		
2.0x		\$16.40	\$2,148			\$3,150		
2.2x		\$18.90	\$2,475			\$3,478		
2.4x		\$21.30	\$2,790			\$3,792		

Source: Company Reports and BB&T Capital Markets estimates

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